NHS 75

NHS
Torbay and South Devon
NHS Foundation Trust

Annual Report and Accounts 2022/23

BUILDING A Brighter future
improving health & care in Torbay & South Devon

Torbay and South Devon NHS Foundation Trust

Annual Report and Accounts 2022-23

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

Contents

FOREWORD BY THE CHAIRMAN AND CHIEF EXECUTIVE

Welcome to our Annual Report for 2022/23. As we look back on another challenging year for the NHS, we are hopeful for what the future may bring for our people and our communities.

As the largest employer in Torbay and South Devon we take our role as an anchor institution very seriously. We are much more than the services we provide, delivering better health and care for all encompasses not only the provision of clinical services, but in acknowledging our role within the locality and communities we operate within; both economically and environmentally. Not only are we able to offer local people opportunities to work with us, but care for the local environment as a significant landowner as well as supporting local businesses through our procurement and purchasing.

Turning to the operational environment we find ourselves within; it is over three years since the World Health Organisation declared COVID-19 a pandemic and during that time the NHS has been challenged as never before in its 75-year history. One of the outcomes of COVID-19 has been the delay of service delivery in some areas. This has led to longer waiting lists for care and treatment, which combined with a tired workforce has been challenging. This has however encouraged us to consider new ways of working, pushing us to be more innovative and creative. It has also given us moments of joy, encouraging communities to come together to care for and support each other as well as creating opportunities for us to deliver care in different ways, improving experiences and outcomes.

During the year we were placed in segment 4 of the system oversight framework (SOF) set by NHS England, our regulator and operating licence issuing body. This framework prescribes their approach to regulatory oversight and intervention dependent on financial and operational performance. All acute providers in Devon and the Devon system are currently in segment 4 as a result of our financial and operational performance challenges. We are committed to working together with our people to address our challenges and to deliver better care and better value for our communities.

Noting the above, over the past twelve months we have however witnessed emerging signs of recovery in our services, our teams and our people. Our highlights this year included the opening of our new Acute Medical Unit at Torbay Hospital, which is helping to transform how we provide urgent and emergency care. Thanks to the generosity of our Brixham Hospital League of Friends, our GP partners are now able to provide primary care services from the hospital site, with the opening of branch surgeries. We also saw the progress toward completion of the new purpose-built health and wellbeing centre in Dartmouth; which has since opened, with a successful launch event in May 2023.

Many of the challenges we face are not unique. Working together with our health and care partners in the Devon and Cornwall peninsula is key to us providing better health and care for all, ensuring that everyone has access to the care they need, when they need it. Further detail of our successes and challenges can be found within the Performance report and supporting analysis, pages 11-34.

To that end, whilst we have always been committed to partnership working, this year we have further increased our focus on collaboration within Devon. One example of this is our role within the Peninsula Acute Sustainability programme; whose focus is

to secure sustainable acute services now and into the future, starting with a review of our fragile services. Together we are working to ensure that we get the best value for every pound that we spend, while doing those things together that make sense, reducing duplication and waste and enabling us to reduce waiting times and improve patient experience and outcomes.

As an organisation we are committed to improving and delivering excellent, high quality, safe care to people who use our services. We passionately believe that the best way to care for people is by focussing on what matters to them, empowering them in their own care and integrating services around them. We believe that care as close to home as possible benefits everyone. This remains at the heart of our vision and our strategy as an integrated care organisation.

We couldn't do any of this without our amazing people. The last few years have taken a toll on all of us, and our dedicated, talented and caring people have experienced significant pressure and stress. We know that people who are fulfilled and valued provide better care and have the energy to develop new ideas and ways of working. Through our people promise, we are working with our staff to create a workplace where each and every one can thrive. We would therefore like to take this opportunity to thank our wonderful people, our volunteers, our governors and members, our many friends from our hospital leagues, nurses' league and other supporters, our fundraisers and our partners. It will take all of us to achieve our vision of better health and care for all, but we believe that we can do this, together.

As we look to the future, we plan to continue the positive progress made this year in developing our care model and reducing waiting times across both urgent and emergency and planned care services. We look forward to preparing our Torbay Hospital site for our new hospital and developing our integrated care model. Our new hospital facilities will be supported by local health and wellbeing centres and home-based care, making the most of digital technology to deliver better health and care for all.

Thank you once again for all your support this year and for what we hope will be your continued involvement, engagement and support as we look forward to the next 75 years of the NHS and our brighter future.

Richard Ibbotson

KBE CB DSC DL
Chairman
28 June 2023

Liz Davenport

Chief Executive

28 June 2023

INTRODUCTION, PURPOSE AND HISTORY

Our purpose and activities

We are proud pioneers in integrated health and social care. Our purpose is to support the people of Torbay and South Devon to live well and we aim to achieve this by focusing on excellent population health and wellbeing, excellent experience in receiving and providing care, and excellent value and sustainability.

Improvement and innovation are central to what we do, both in terms of our integrated care services and our specialist clinical services, for example day surgery being nationally recognised for their best practice.

We live and work in a beautiful part of the West Country which is a very popular tourist destination. Our population reflects that of many coastal communities, with a significant level of health inequality and high levels of deprivation. Torbay itself is one of the most highly deprived communities in the south west. The impact of COVID-19 has both increased the pressure across all aspects of health and social care, and increased health inequalities for those who live in our most deprived coastal communities.

We have a low wage and low skill local economy, with a heavy reliance on tourism and not enough opportunities for our young people. Many of our children start their lives at a disadvantage. We have high numbers of looked after children and children with protection arrangements in place.

Poverty and deprivation are key determinants of health and as a result we see significantly more alcohol and self-harm related admissions and poorer mental health and physical health outcomes.

We have a larger proportion of older people than the national average and, due to our area's attractiveness as a retirement location, we expect to see this increase. Many of our older people are living with long-term conditions which results in a greater demand for older people's health and care services, with FEWER young people in our labour market to provide care.

We passionately believe that supporting people to manage their own health and wellbeing is a critical factor in helping them to have better health outcomes and to live well. We do this by focusing on what matters to them and providing personalised, compassionate care as close to home as possible.

We work with many different communities: our patients and their carers, families and friends, our staff, members and governors, care home and domiciliary care providers, our NHS colleagues in Devon and the wider south west as well as colleagues in the private sector, and our public and voluntary sector partners.

Working together, we share and learn from our combined experience and expertise so we can provide the very best care and services for our local people, whenever they need us.

We serve our local people by providing community care, including adult social care (Torbay), and acute care, from Torbay Hospital and a range of community sites.

More and more we are delivering care directly into people's homes either through visits or online or telephone appointments and offering as many appointments as we can at local health and wellbeing centres and community hubs.

We provide emergency care at Torbay Hospital and urgent care (for minor injuries and illnesses) in two community locations. Owing to sustained recruitment difficulties, we have had to reduce the number of community sites offering urgent care – this has meant the temporary closure of our minor injury unit in Dawlish. In summer 2022 we were able to reopen our minor injury unit in Totnes which had been closed since March 2020. The urgent treatment centre in Newton Abbot has remained open 7 days a week and offers an x-ray service.

We work in partnership with the communities and the voluntary sector to help people to get home from hospital when they no longer need clinical care and wrap services and support around them to help combat loneliness and isolation and avoid readmission to hospital. We are committed to continuing to support this type of help and will commission a longer-term contract for this type of care and support. In this endeavor, we benefit from the support of 434 active volunteers and work with approximately 89 volunteering for charities.

We support around 300,000 face-to-face contacts with patients in their homes and communities each year and see over 62,459 people in our Emergency Department annually. We serve a resident population of approximately 286,000 people, plus about 100,000 visitors at any one time during the summer holiday season.

We cover a wide geographical area, including parts of Dartmoor (Newton Abbot, Ashburton and Bovey Tracey) along with Torbay (Torquay, Paignton and Brixham), and the South Devon areas around Totnes and Dartmouth. We employ over 6,600 staff to deliver and manage our services, from porters to consultants, nurses and health care assistants to 'hotel' and catering staff, therapists and security staff….and there are many more! We are very proud to employ a workforce which affords local people employment along with highly regarded career opportunities in the NHS.

Our operating income for 2022/23 was £644 million. NHS Devon commission our main acute and community services. Devon County Council and Torbay Council commission our adult social care services and our public health nursing services. We have continued to forge many strategic and business partnerships to strengthen and improve our services as detailed below:

- we are the lead organisation in the alliance with Devon Partnership Trust, through which we provide Children and Family Health Devon (CFHD) since April 2018. Our other alliance members are NHS partners Royal Devon University Healthcare NHS Foundation Trust, Devon Partnership NHS Trust and social enterprise Livewell Southwest
- we have a wholly owned subsidiary (SDH Developments Limited) providing an on-site pharmaceutical dispensary at Torbay Hospital
- we are a partner in a Limited Liability Partnership (SDH Innovations Partnership LLP), which supports our ambitions to replace out-of-date facilities with new buildings
- we are part of University of Exeter's Academy of Nursing, along with other Devon NHS providers
- through Torbay Clinical School, we promote clinical research in partnership with Plymouth University

- more recently, we became a partner in the Peninsula Acute Sustainability Programme (PASP) with University Hospitals Plymouth NHS Trust, Royal Devon University Healthcare NHS Foundation Trust and Royal Cornwall Hospitals NHS Trust which supports us to collaborate to secure sustainable, high-quality care for everyone for the future
- in 2021, we became a core part of the South Local Care Partnership with our NHS, council and voluntary sector partners. There are five local care partnerships across the county which form a key part of the Devon Integrated Care System
- we are continuing to forge closer partnership with South Devon College to align our workforce and education strategies.

Looking ahead, we have been given a share of £20 billion government funding for a new hospital development. This is a once in a lifetime opportunity to make a real difference in how we deliver services with, to and for our people. It is not just about building a better hospital in Torquay. It is about building a brighter future for all of us.

We are exploring opportunities to deliver our services in ways that provide better outcomes for our population and better working environments for staff across all the communities that we serve and further building on our integrated approach to service delivery, led and shaped by our health and care model.

Our history and statutory background of the Foundation Trust

Torbay and South Devon Foundation Trust ("the Foundation Trust or Trust") was established as a public benefit corporation and integrated care organisation, following its approval as an NHS Foundation Trust by the Independent Regulator of the NHS Foundation Trusts authorised under the Health and Social Care (Community Health and Standards) Act 2006 on 01 October 2015.

The principal location of the business is Torbay Hospital, Lowes Bridge, Torquay, TQ2 7AA. Our licence registration number with NHS England is: 110102

In addition to the above, we have registered the following locations with the Care Quality Commission:

- Ashburton and Buckfastleigh Hospital, Eastern Road, Ashburton TQ13 7AP
- Brixham Hospital, Greenswood Road, Brixham TQ5 9HN
- Brunel Dental Centre, Brunel Industrial Estate, Newton Abbot TQ12 4XX
- Castle Circus Health Centre, Abbey Road, Torquay TQ2 5YH
- Dartmouth Clinic, Mayors Avenue, Dartmouth TQ6 9NF
- Dawlish Hospital, Barton Terrace Dawlish EX7 9DH
- Kingsbridge Hospital (South Hams) Special Care Dental, Plymouth Road, Kingsbridge TQ7 1AT
- Newton Abbot Hospital, Jetty Marsh Road, Newton Abbot TQ12 2TS
- Paignton Hospital, Church Street, Paignton TQ3 3AG
- St Edmunds Victoria Park Road, Torquay TQ1 3QH
- Tavistock Special Care Dental Service, 70 Plymouth Road, Tavistock PL19 8BX
- Teignmouth Hospital, Mill Lane, Teignmouth TQ14 9BQ
- Torbay Hospital, Newton Rd, Torquay TQ2 7AA
- Totnes Hospital, Coronation Road, Totnes TQ9 5GH
- Walnut Lodge, Walnut Road, Torquay TQ2 6HP

We are registered with the Care Quality Commission without conditions and provides the following regulated activities across the stated locations:

- assessment or medical treatment for persons detained under the 1983 Act
- diagnostic and screening procedures
- family planning services
- management of supply of blood and blood derived products
- maternity and midwifery services
- personal care
- surgical procedures
- termination of pregnancies
- transport services, triage and medical advice provided remotely
- treatment of disease, disorder or injury.

As a Foundation Trust responsible for public funds, the Board of Directors is accountable to a range of stakeholders and crucially the local people that use our services. Our local population is formally represented within our governance structure by the Council of Governors. Governors are elected from each constituency, with the number of positions weighted by the population living in the locality. Full guidance on how Foundation Trusts are required to operate is available from NHS England.

Our values and the NHS Constitution

At our core, we are deeply connected to, and rooted in, the values of the NHS. We work together for patients and our communities.

We have adopted the NHS constitution values which apply across the NHS in England. Patients, public and staff developed these together. Our shared NHS values provide common ground for co-operation to achieve shared aspirations, at all levels of the NHS.

Our values are:

- respect and dignity
- commitment to quality of care
- compassion
- improving lives
- working together for people
- everyone counts.

Our people promise is our commitment to each other, including how we enhance our own behaviours which will help us demonstrate and deliver the NHS values. We know that a good staff experience leads to a good patient experience, and our people promise is a framework to ensure every aspect of our experience working in the NHS is nurtured. By looking after our staff, we continually work to ensure our values are upheld.

Our people promise priority is to build a healthy culture at work where our people feel safe, healthy and supported, in order to achieve all the different components of the NHS people promise :

- we are a team
- we are safe and healthy
- we are compassionate and inclusive
- we each have a voice that counts
- we work flexibly
- we are always learning
- we are recognised and rewarded.

To deliver our People Promise, we are focusing on designing a consistent, compassionate leadership approach that is inclusive, motivating and empowering; creating an environment of kindness and respect; and making people's lives easier by freeing up time to work in a safe and calm manner on agreed priorities.

Our People Awards are based on our people promise, recognising and rewarding our people for living our people promise and our values.
Our people promise and values underpin how we want to work together, by doing so we can support better health and care for all.

Our partners

Our purpose to support the people of Torbay and South Devon to live well is delivered in partnership with local organisations and communities. We do this by working with our South Local Care Partnership (LCP) and across our wider Integrated Care System, with health and care providers across Devon.

At a local level we have strong relationships with our local GPs and primary care, Devon County and Torbay Councils, the local community voluntary sector and our independent sector partners who provide much needed care home support and domiciliary care. We work closely with our local councils and the business community to improve the wider determinants of health and recently signed a memorandum of understanding to be an active partner in community wealth building.

We are clear about our leadership role in our local health and care system. As an anchor institution we are deeply connected to our local area and we use our influence, skills and resources to benefit the communities we serve.

We recognise the challenge of both maintaining and developing our own organisation while contributing and collaborating to improve the health and wellbeing of everyone, not only in Torbay and South Devon but in the county of Devon as a whole.

Integrated Care System – the Devon long-term plan

NHS Devon (the integrated care board) has developed its Joint Forward Plan (JFP) in collaboration with the five local care partnerships and three health and wellbeing boards in the county.

The plan, which is to be submitted by June 2023, will set out how the system will work together, to deliver transformational change and improve the health and wellbeing of the population.

It includes nine areas of focus:

1. primary and community care
2. mental health, learning disabilities and neurodiversity
3. women and children
4. acute services
5. housing
6. community development
7. employment
8. health protection
9. suicide prevention

The JFP is a response to the Integrated Care Strategy, which was published in draft on the One Devon website in January 2023. NHS, local authority, and other partners were all involved in producing the strategy which was coordinated by the One Devon Partnership (the integrated care partnership).

The Devon system is currently in level four of the System Oversight Framework (SOF4) due to finance and performance issues, which brings with it enhanced direct oversight by NHS England and additional reporting requirements and financial controls. The JFP therefore reflects the need to focus on system recovery and exiting SOF4 as priority.

A summary of the SOF4 exit criteria are listed below, with an estimated exit date of 2024/25:

- urgent and emergency care – make progress against national objectives
- elective recovery – make progress against national objectives
- finance – develop and deliver realistic balanced plan for 2023/24
- leadership – demonstrate collaborative decision-making
- strategy – deliver phase one of the Peninsula Acute Sustainability Programme (PASP).

Partners across the county continue to work together in many areas, including the PASP. PASP sees clinicians and staff from across Devon, Cornwall and Isles of Scilly working together to ensure the clinical, workforce and financial sustainability of acute services.

A series of workshops have been underway since December 2022 to review and redesign acute services, initially beginning with paediatric assessment, medical assessment, and surgical assessment.

Part I –PERFORMANCE REPORT, OVERVIEW, RISK & ANALYSIS

PERFORMANCE OVERVIEW & RISK POSITION

Summary of our performance

The purpose of this section is to provide information about our organisation, our purpose and main objectives, the key risks to the achievement of our objectives, and how we have performed during the year. More detailed information on the arrangements in place and our approach to ensure services are well-led is given in the Performance Analysis Report and the Annual Governance Statement.

In this section, we highlight the main developments in our services and the improvements we have made over the past twelve months. We also report our performance against key national and locally determined clinical standards.

This report outlines our position on 31 March 2023 and provides commentary on relevant post year-end matters.

Chief Executive's statement on performance

The pressures of meeting the health and social care needs of a growing and diverse population, alongside large changes to the infrastructure of the NHS, in a difficult financial climate have been significant; as you will see within our performance data, which shows both our challenges and our emerging signs of recovery. Our performance is assessed against a range of national targets and standards and is reported externally.

With regard to National priorities, these are outlined in the 2022/23 operational planning guidance and include: investing in the workforce, responding to COVID-19 ever more effectively; delivering significantly more elective care to tackle the elective backlog; improving the responsiveness of urgent and emergency care (UEC) and building community care capacity; improving timely access to primary care; improving mental health services and services for people with a learning disability and/or autistic people; continuing to develop our approach to population health management, preventing ill-health and addressing health inequalities; exploiting the potential of digital technologies; making the most effective use of our resources; and establishing ICBs (Integrated Care Boards) and collaborative system working.

An assessment of our progress against these, and performance more generally, can be found within the Performance report and supporting analysis, below. Supporting analysis and commentary are provided with trend charts showing the position over the previous five quarters or fifteen months, depending on the frequency of the measurement period.

For their oversight and assurance during the year, the Board of Directors considered an Integrated Performance Report at each meeting which described performance against these targets and any action being taken to address dips in performance. This is informed by detailed review at Executive, Care Group and Committee level prior to each Board meeting.

In addition, the Integrated Service Units ('ISUs'), each of which is responsible for delivering services to their localities (Coastal, Moor to Sea, Newton Abbot, Paignton and Brixham, and Torquay) reviewed quality and performance dashboards relevant to their services monthly and to present plans where there were risks or concerns.

There was also detailed scrutiny of the different elements of the Integrated Performance Report through the Finance, Performance and Digital Committee, People Committee and Quality Assurance Committee. At each financial quarter end, the Board confirms the position of each of these metrics to NHS England. Details of our performance during the year can be seen below.

PERFORMANCE OVERVIEW CONTINUED: OUR HIGHLIGHTS, OUR CHALLENGES & RISK PROFILE, OUR SUCCESSES, OPPORTUNITIES & OUR KEY EVENTS

Below is a summary of our highlights and risk position, noting our challenges, our opportunities and context within the Devon locality.

Our year in highlights 2022-23

It has been another tough and challenging year. We have experienced sustained demand for services whilst managing a challenging landscape for delivery, which has been impacted by COVID-19 as well as those who sought treatment delayed due to the pandemic, seasonal illnesses and industrial action by NHS and other public and private sector workers. Through the commitment of our people and a focus on driving improved performance we are, however, seeing signs of recovery with a reduction in the length of time people are waiting for treatment; although there is still a long way to go to ensure people are seen as quickly as we would wish.

Partnership is and remains central to our ethos; both as an integrated care organisation and committed partner within the Devon Integrated Care System. You will see this as a key theme when describing our performance and service improvement measures taken during this and into the next financial year. Our dedicated people have been central to this as well as those working across NHS Devon and our key stakeholders; whose approach to collaborative working has provided a real opportunity to listen, learn and help us scope delivery for our vision of better health and care for all.

Despite the progress we have made, during the year, we were placed in segment 4 of the system oversight framework (SOF) by NHS England. All acute providers in Devon and NHS Devon are in segment 4 due to our financial and performance challenges. We are working together with our system partners to:

- improve how we deliver care, in line with best practice and the latest evidence
- improve our levels of activity so fewer people wait for care
- make sustainable, affordable improvements that put us in the best position to secure the investment we need to continue to deliver better care
- deliver the best value we can to our people and communities while managing our available monies effectively and balancing our books.

We have developed a clear plan that will support us to deliver the level of improvement required to move from SOF4 to SOF3 by the end of 2023/24, in the hopes that this will support the system to move out of SOF4. Our aim is to deliver safe, sustainable, and affordable services that provide the best care, outcomes, and experiences we can. We want to deliver the best value we can while supporting our people to deliver care they can be proud of and providing a great place to work.

Our challenges and risk profile

Our primary challenges and key risks are derived from our financial position, the delipidated state of our physical and digital environments, the quality of services we provide, maintaining our workforce and caring for our people (reducing turnover).

The oversight and management of these is reflected in our board assurance framework which allows us to distill our strategy into key themes (objectives) and manage our risk to delivery, monitoring any gaps in assurance that we will deliver as well as our corporate risk register.

A summary of the challenges we faced in 2022/23, going into 2023/2024 can be found below:

- delivery of a challenging financial plan, including significant savings and productivity initiatives while maintaining a personalised and safe patient experience for all of our users:
    - recovery of activity levels to pre-pandemic levels and beyond, managing and reducing increased waiting lists
    - delivery of an ambitious capital programme
    - challenged workforce capacity and resilience, burnout/fatigue arising from ongoing significant operational pressures risk of lack of talent pipeline and supply, recruitment and retention of staff across specific specialties/professional groups, due to no strategic business or workforce planning
    - creating capacity for learning and development opportunities for our leadership teams and people in general due to the workforce capacity and resilience matters outlined above
    - risk of unaffordable workforce costs due to increased use of bank and agency staff
    - risk of inadequate management and leadership capacity to deliver transformation along with business as usual.
    - risk of inability to build a culture where people feel safe, healthy and supported due to rising number of equality, diversity and inclusion (EDI) related grievances and a reported decline in workplace experience by those with disabilities or from a BAME background.

A detailed analysis of these and our risk management framework can be found within the Annual Governance Statement, pages 100-121.

Our successes, priorities and opportunities: strategic delivery

This annual report (year ended March 2023) aligns to the revised strategy adopted by the Board in February 2022, which is reviewed annually. Key activities aligned to our six strategic priorities and intent are:

Providing more personalised and preventative care: what matters to you matters

An innovation grant awarded for Multiple Sclerosis (MS) augmented reality project to support people with multiple sclerosis to take care of their health.

We have expanded our Health Connect Coaching programme to match volunteer coaches who have lived experience with long term conditions, to help others to take control and manage their own health

Reducing inequity and building a health community with local partners

Our Torbay adult social care service worked with the voluntary sector to provide support to address the impact of the cost-of-living crisis. Support includes debt management, access to energy advice, employment opportunities and access to community-based support.

Increasing our fundraising activities to support treatment and care

Health champion Lottie Bryon-Edmond made history when she was made an honorary director of our Board in recognition of her commitment to raising awareness of organ donation and the life-changing contributions of donors and their families.

As well as raising awareness of organ donation, Lottie is tirelessly fundraising for a permanent memorial for organ donors and their families which we hope will be installed in the main entrance of Torbay Hospital soon.

Donations to our charity have once again helped to improve and enhance patient care, funding equipment and projects that are over and above those provided by NHS funding.

We reiterated our commitment to working alongside local, regional, and national fundraising and charitable organisations to, wherever possible, maximise the opportunities to bring in monies that will benefit our local people and communities.

A relentless focus on quality improvement underpinned by people, process and technology

Emergency department improvements welcomed

The Emergency Department team have had a real focus on quality improvement, developing a patient journey map to welcome people at the main entrance and in the triage area. The map explains what to expect when patients arrive in ED, the assessment process (based on the urgency of their symptoms or injury) and any required care and treatment they may need. We also installed new signage to direct people to the treatment areas, a TV screen showing information such as waiting times and a graphic showing the range of uniforms worn by different ED staff.

The changes, which are part of a wider patient improvement project to improve people's experiences at the hospital, have been welcomed by our people and visitors.

Revolutionary radiotherapy trial for people with throat cancer

During the summer we opened a clinical research trial called TORPEdO, where throat cancer patients can benefit from world-class proton beam therapy which uses protons which can release energy at an exact point in the body protecting more healthy tissue and decreases the chance of side effects developing.

Co-led by The Christie NHS Foundation Trust in Manchester and The Institute of Cancer Research in London, this trial will determine whether the use of proton beam therapy reduces long-term side effects and improves the quality of life for people treated with radiotherapy for throat cancer.

Proton beam therapy is currently only available at two sites across the country, but local people taking part in the trial travel to The Christie NHS Foundation Trust for their treatment.

New virtual tour of neonatal units

We worked with the Southwest Neonatal Network to create a virtual 360° tour of our special-care baby unit to show parents where their baby will be cared for including the feeding rooms and bedded rooms where they will sleep with their child to prepare for their return home. The tour also gives brothers, sisters, and grandparents a chance to see the unit, as well as including messages from parents whose children have been cared for on our unit.

The neonatal network has created a series of videos highlighting the region's other 11 special-care baby units and neonatal transport service to support parents and answer questions, concerns and worries that they may have in a way that is easy to access, so they can focus on caring for their child.

Retaining our people

As a people business, we want to ensure we are providing a great place to work so our people stay and thrive. We are working with our NHS partners across Devon to make sure our people are happy, healthy, and have opportunities to develop and grow. Our new retention project provides our people with mentoring opportunities to support healthcare staff to feel empowered, supported and listened to with the aim of supporting them to stay in their roles and in the NHS.

Our emergency department has led the way with this work with nurses and their managers having regular career catchups (also known as stay conversations) to help address reasons why they might want to resign – before they get to that point.

Horizon Centre redevelopment supports medical student and staff training

Our education and research facility reopened in September after an extensive redevelopment project that will support the training of medical students, multi-professional learners and our people across all our services.

The Horizon Centre is a state-of-the-art environment on the Torbay Hospital site, which hosts many of our education and research initiatives. The works have enhanced the educational and social facilities for both undergraduate learners and the wider staff community.

The redevelopment work cost £660,000 and was funded by the University of Plymouth's Peninsula Medical School. This is in recognition of the increased number of medical students that we now host and will improve their clinical learning and practice experience

Welcome to our new international doctors

In September we welcomed 18 doctors from Myanmar and India who started their journey to become NHS doctors through the Medical Support Worker programme.

The Medical Support Worker role provides a gateway for international medical graduates and refugee doctors from overseas who come to live and work in England being fast-tracked into the health service and supported to become registered NHS doctors, while working under supervision.

Medical Support Workers already have the experience and training as doctors that, once registered, means they are well placed to apply for training roles in their chosen specialty, more than half of them are now working in a doctor's role for us now having successfully completed the six-month programme.

Improving access to specialist services through partnerships cross Devon

Devon's Nightingale hospital's legacy continues to support our people

Having played a significant role providing emergency in-patient care during the first wave of the pandemic, the NHS Nightingale Exeter, hosted by RDUH, is now host to a range of surgical services & diagnostics which are benefiting our patients and communities.

The Nightingale site has been transformed into a state-of-the-art facility and anyone in Torbay and South Devon needing orthopaedic, ophthalmology, diagnostic and rheumatology services can receive care there.

As an asset utilised and resourced by the whole Devon system it is a shining example of collaborative system working; as such hospital also plays a key role in tackling the region's waiting lists and the extra capacity means that our patients can receive their surgery in Exeter sooner than if they received it at Torbay Hospital.

Local people can also receive their CT scan, MRI, x-ray, ultrasound and fluoroscopy diagnostic services at the Nightingale which complement our scanners and help tackle our waiting lists.

Improving financial value and environmental sustainability

Our anaesthetists lead the way in reducing carbon emissions

Our anaesthetists have been working hard to reduce the impact that gases that are used during operations can have on the environment.

Anaesthetic gases are commonly used as part of everyday surgeries and are responsible for more than 2% of all NHS emissions. Carbon emissions for one hour of surgery using Desflurane – one of the most common anaesthetic gasses, but also one of the most harmful to the environment - is equivalent to driving 189 miles. Lower carbon alternatives produce the equivalent of four to seven miles.

Our anaesthetists have switched to lower carbon alternatives to minimise their environmental impact. This is not only better for the environment, but also has no impact on patient care, their experience or recovery. We have so far saved 844 tonnes of CO2.

Creating our health and wellbeing centre

In February, we were delighted to welcome Compass House and Mayfield Medical Centre to Brixham Community Hospital with the opening of their branch surgeries.

With financial support from Brixham Hospital League of Friends, patients of both practices can now access appointments with GPs, phlebotomy, nurses and healthcare assistants at Brixham Hospital.

Great progress was made during the year on the construction of the new Dartmouth Health and Wellbeing Centre.

The centre will give people access to a broad range of health and wellbeing services in one place, by bringing together GPs, community nurses, therapists, the voluntary sector (Dartmouth Caring) and a pharmacy under one roof.

New £15.7million acute medical unit opens

Our long awaited multi-million-pound acute medical unit (AMU) opened its doors in December.

Our AMU is split over two levels and has 36 assessment spaces where patients who have either been referred from our emergency department, from GPs, the community and other specialities can receive a wide range of high-quality care.

The unit is located alongside the emergency department and having the two units side-by-side is already improving the flow of patients across the two departments, allowing for more timely patient reviews and a better patient experience.

Torbay Hospital's League of Friends generously donated more than £500,000 to the project with the funds helping to equip the AMU with new patient trolleys and recliners.

The AMU is the flagship of our building a brighter future programme which aims to make a real difference to how we deliver services with, to, and for our people.

Funding secured for additional theatres and improvements to endoscopy services at Torbay Hospital

An extra 4,500 people a year needing hip, knee and eye operations will be able to receive their operations at Torbay Hospital thanks to a £15million capital investment to improve services and reduce waiting lists.

The funding is being used to create two modular theatres and additional pre-operative assessment and recovery spaces. The extra theatre capacity will help reduce the length of time local people have to wait for day surgery, and also improve the quality and experience of care.

Meanwhile a £4.99million capital investment has been secured to modernise and increase our Endoscopy facilities. The old building has been demolished and the new modular facility will create a fourth endoscopy room and a larger training facility which will help increase the numbers of people who can be seen, reducing waiting times and improving experiences and outcomes. Both new developments are due to be completed next year.

PERFORMANCE ANALYSIS

Financial position

The financial framework in 2022/23 no longer contained the majority of the income 'top-up' processes that were introduced by NHS England in the financial year 2020/21 and which continued into 2021/22 for the actions needed to respond to the COVID-19 epidemic.

Our financial plan for 2022/23, excluding the net cost of donated income, expenditure and the impact of the year end Buildings and Land revaluation, was to produce a small revenue surplus of £69,000. Delivering this plan required us to produce savings of circa £28.5m and also required us to minimise the impact of inflation on the cost of goods and supplies that we purchase from third parties.

Actual savings delivered during 2022/23 totaled £25.0m, but cost pressures have been substantial and consequently we ended the year with a deficit of circa £17.1m (excluding the net cost of donated income, expenditure and the impact of the revaluation of Buildings and Land).

Inclusive of the net impact of Donated income and expenditure transactions as well as impairments caused through the revaluation of Land and Buildings, our total revenue deficit for the year totaled circa £24.3m as set out in Financial Statements.

Our financial environment for 2023/24 remains challenging. Renewed focus will be required to contain cost pressures and to also to deliver a substantial savings programme of circa £46.6m. After delivery of those savings a planned revenue deficit of £32.6m will be delivered. We will be required to reduce this planned deficit in 2023/24 in subsequent years through further savings programmes.

Going concern

Our financial statements have been prepared on a going concern basis.

International Accounting Standard (IAS) 1 requires the Board to assess, as part of the account's preparation process, our organisation's ability to continue as a going concern. In the context of non-trading entities in the public sector the anticipated continuation of the provision of a service in the future is normally sufficient evidence of going concern. The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the trust without transfer of its services to another entity within the public sector.

After making enquiries, the directors have a reasonable expectation that the services provided by the NHS foundation trust will continue to be provided by the public sector for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the accounts, following the definition of going concern in the public sector adopted by HM Treasury's Financial Reporting Manual.

Operational performance

A summary of the key clinical access performance standards used by regulators to assess our performance is set out below for 2023/24 and further analysis can be reviewed within the performance section of the report (pages 11-31).

Urgent and emergency care performance

Along with the wider Devon system, we have been under review from NHS England national and regional teams in relation to ambulance handover performance throughout 2022/23. Moving into 2023/24 we have plans to eliminate handover delays above 15 minutes by the end of March 2024. This improvement in performance will simultaneously contribute to the Devon system position as the Devon system has been placed in Tier 1 monitoring for ambulance handovers.

In relation to the national four-hour standard we have a performance trajectory agreed with regulators that moves us to a position of 76% achievement by the end of March 2024.

We have has made progress against both the ambulance handover delays and four-hour performance in quarter 4 of 2022/23 but will need to consistently sustain improvement throughout the year. In order to provide assurance and progress an Urgent and Emergency Care Board has been established focusing on three key workstream to drive the improvement: emergency department clinical pathways, same day emergency care and flow and ward improvement.

Reducing the number of patients who are medically fit to go home (what we call people with 'no criteria to reside') to 5% of the bed base is a further target for next year. We consistently achieved the best performance across Devon during 2022/23 and regularly achieved days of between 5-8% performance. Maintaining and building on this performance as an integrated care organisation will be key to supporting an improvement in ambulance handover delays and the four-hour standards and as such the target is actively monitored in our Urgent and Emergency Care Board.

In January, part of our Torbay adult social care services, the Technology Enabled Care Service (TECS), launched a new initiative to help with flow through Torbay Hospital. The pilot ran in the discharge lounge and across two wards. People who were waiting in hospital for a care package were shown how to use the technological aids on offer and given a six week trial of the equipment. In its first month, this trial saw 19 hospital bed days saved, a reduction in discharge delays and with all but one patient, a likelihood of a reduction of calls to primary or emergency services. The service is free to the client and is not dependent on meeting eligibility criteria, only that the referrer at the point of discharge decides that having the equipment could reduce discharge delays, reduce the number of days spent in hospital, or reduce the number of calls to the patient's GP, 111, or 999. The trial ran for six months until the end of July and will be widened to include the short-term services such as rapid response and reablement teams.

Elective performance

Our achievements and planning during the period 2022/23 will influence local health and care landscape for many years to come. During the past year we have been under scrutiny by NHS England national and regional teams. During the year we were placed in Tier 1 monitoring for cancer and routine care, requiring the highest levels of scrutiny and oversight.

Since year end, we have delivered material improvements in our cancer and planned care pathways and have met the threshold in cancer to be downgraded from Tier 1 to Tier 2, improving on the efficiencies derived during 2022/23. At the same time, we were the only Devon acute provider to achieve the target of no one waiting more than 104 weeks to begin treatment by the end of March 2023. These achievements alongside our plans to expand our theatre and diagnostic capacities in 2023/24 are key to us delivering better health and care for all in line with our organisational vision.

Quality Goals

Our understanding of quality reflects the description of quality as set out in the '*High Quality for All, NHS Next Stage Review' (2008).* The three components of quality; safety, effectiveness and patient experience are linked. A service cannot be judged to be excellent because it is safe while ignoring its effectiveness or people's experience.

We held a number of listening and engagement sessions with our people between February and June 2021 to help us identify our key issues and explore the options to address them. Together we co-designed our four quality and safety goals for 2022/23 which are aligned to our vision for better health and care for all.

In the Quality Account for 2022/23, we share our progress against the clinical improvement priorities we agreed against the four quality goals, specifically:

- ✓ sepsis
- ✓ deteriorating patient
- ✓ falls
- ✓ nutrition and hydration
- ✓ experience of patients on discharge.

Supporting our approach to modernising our approach to quality, our digital transformation team has worked tirelessly on the development of the outline business case for an Electronic Patient Record (EPR), which was approved by our Board of Directors in March 2023. We are one of the priority trusts set to receive funding from the National Frontline Digitisation Programme and this investment will be a critical part of the transformation of our services.

Our services across Devon remain challenged and over the last year there has been a real focus on improvement by working in partnership with local health and care providers. We have collaborative arrangements in place to improve the way we deliver our acute care and community services.

Our commitment to Building a Brighter Future for our patients, staff and local communities is outlined within our strategy and there has been a significant amount of progress made to attract investment to improve our infrastructure. Our virtual ward investment means that we can care for more patients who require specialist oversight in their own homes. Alongside this we have secured additional investment in day surgery and endoscopy facilities. Our strategic outline case for investment from the New Hospital Programme has been submitted to the national team and we are preparing our site enabling plans.

Our communications and engagement team are now working within their new structure and delivering on our commitment to meaningful conversations, which are aligned with our plan to improve our services aligned with our compassionate leadership approach. This engagement aims to ensure that our improvement ambitions are owned by all members of our team and we each feel empowered to make a difference to the people we serve.

COVID-19 and flu immunisation programme

In September 2022 we launched our joint COVID -19 and flu immunisation programme for all our people directly employed on trust contracts. More than 65% of our people took up the offer of vaccination.

Transformation and partnerships

During the year we made considerable progress in developing our capacity and capability to innovate and improve by investing in our central team and creating a culture of improvement through a comprehensive coaching programme. Our improvement and innovation team provide expertise and support for key goals and priorities within our strategy including:

- our quality goals (see below) and the delivery of our four quality pillars
- performance improvement for emergency, elective, cancer and community services
- improving our financial efficiency
- transforming services for our future.

Our people

There has been an increased focus on transforming how our workforce is rostered, utilising e-rostering, enabling us insights into hours worked and the efficient use of bank and agency workers where need arises. This has enabled us to further embrace digital transformation to analyse our workforce expenditure and management.

Monthly analysis is performed on our workforce information to ensure that we are managing absences, vacancies, and training. Whilst we have remained in normal tolerance levels throughout the year, absence due to sickness did noticeably increase during the winter months and therefore the use of agency workers to maintain safe staffing levels did increase.

The protection of staff and patients was a major concern during the COVID-19 pandemic. We have continued to follow national and local guidance in our response to the virus as well as continue to ensure availability of medically fit staff to provide care for our patients and the NHS nationally. This has been significantly challenging so there remains a continued focus on ensuring we actively support the health and wellbeing of our people including their emotional wellbeing, while ensuring we are able to move people to support clinical areas where needed.

FURTHER PERFORMANCE ANALYSIS

National standards

This performance overview provides information about how we have performed against agreed operational objectives during the year.

2022/23 has been a challenging year for the Trust with ongoing recovery from the COVID-19 pandemic. Workforce and estates capacity, along with other factors, resulted in a lower level of clinical activity than planned which impacted on elective performance and saw waiting lists climb. Across Urgent and Emergency Care performance patient flow was the main operational challenge resulting in increased length of stay and frequently full to capacity in the Emergency department and assessment units. The 4-hour standard and ambulance handover delays did not meet planned levels of performance.

The Trust, along with other providers in Devon, has experienced long patient waits for Referral to Treatment and cancer care. Since June 2022, the Trust has been required to comply with Tier 1 performance reporting, Tier 1 being the highest level of regulatory performance oversight.

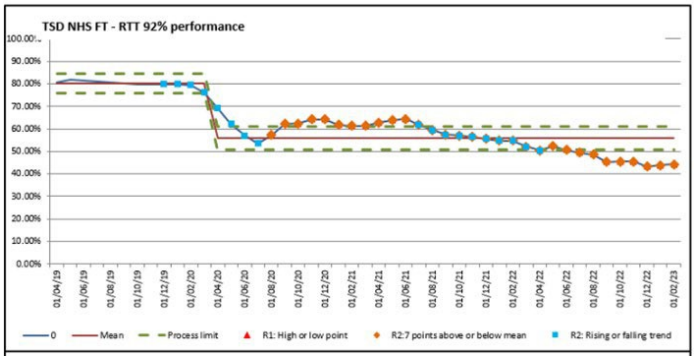
The two areas of Tier 1 performance requiring improvement are against Referral to Treatment long waits over 104 and 78 weeks, and against the number of patients waiting over 62 days for treatment following an urgent cancer referral.

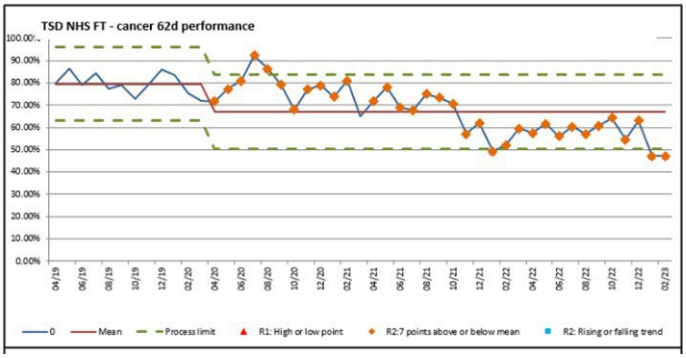
Tier 1 oversight required weekly meetings with the Trust's Chief Operating Officer and the South West Region Performance Director to review progress against plans. At the end of March 2023, the Trust had achieved the clearance of all 104-week waiting patients, delivered a total of 183 against the agreed trajectory of 176 for reduction of 78-week waiting patients, and achieved the cancer 62-day pathway backlog reduction leading to the achievement of the Tier 1 exit criteria.

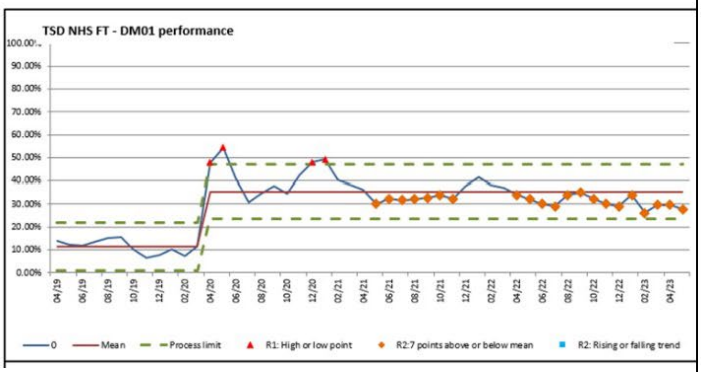
During the reporting period, performance reports were provided monthly to the Finance, Performance, and Digital Committee, and to the Trust Board of Directors. These reports covered all the Tier 1 and other operational plan performance standards.

The key performance indicators for 2022/23 are shown in the analysis below, some of the introductory supporting charts shown on page 23, overleaf.

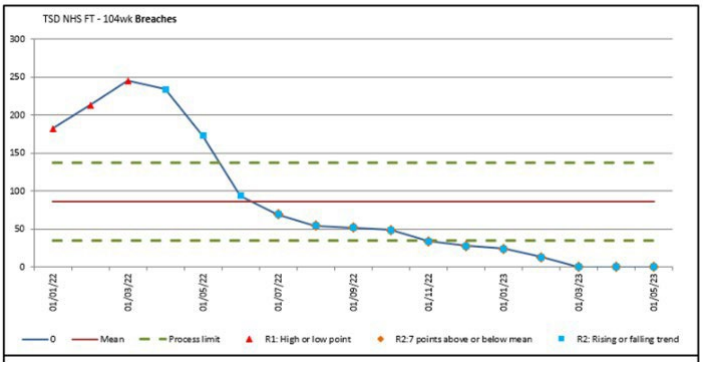
NHSEI operational performance

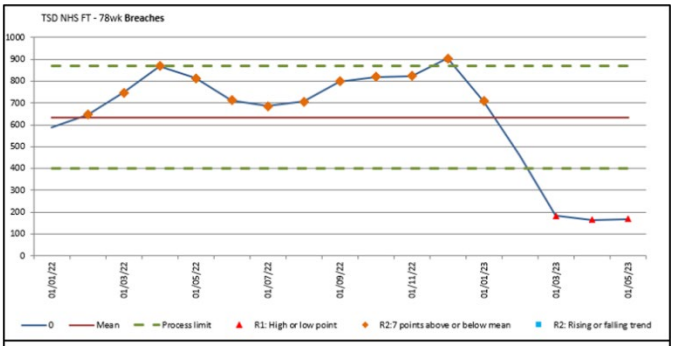


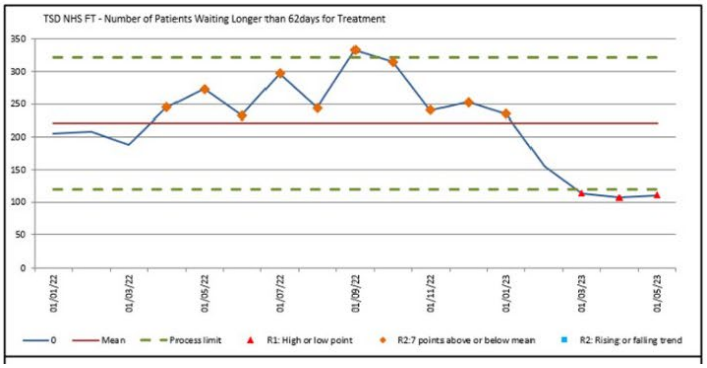


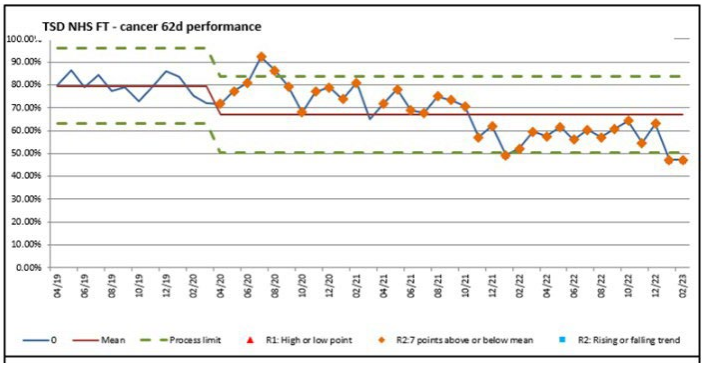


Tier 1 monitored standards

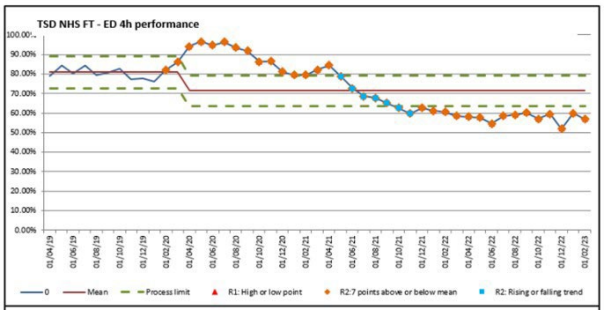








Four-hour Emergency Department (ED) waiting times & “No Criteria to Reside”



Performance against the 4-hour standard in the Emergency Department in 2022/23 has continued to reflect the challenges of capacity and managing daily patient flow. Long waits have continued to be experienced in the emergency department. Ambulance handover delays have also been high due to the department being full at times. Managing Covid-19 and designating ward beds to meet infection control safeguards have had a sustained on hospital capacity. Quarter 4 has seen a series of industrial actions from a Junior Doctors, Nurses and Therapists that has impacted on performance. The Trust developed a robust process to manage these to ensure patient safety.

Bed capacity has been increased by the opening of the new Acute Medical Unit (AMU) in December 2022 and the discharge lounge has been expanded.

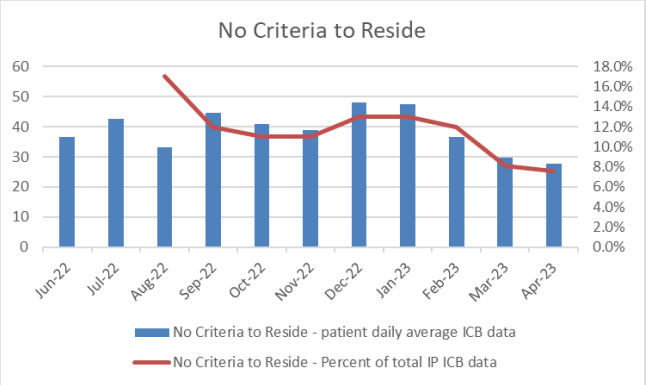
The Trust’s improvement actions have focused on increasing the number of daily discharges earlier in the day and at weekends along with reducing the number of patients in hospital with “No Criteria To Reside” (further detail below). Progress has been seen with improved planning and daily escalation. The number of patients with no criteria to reside has reduced from a daily average of 48 (13%) in December 2022 to 28 (8%) March 2023. Ambulance handover delays have improved in Quarter 4 (Q4 month average of 789 over 30-minute delays compared to 1140 in Q3), however, remain a challenge with further improvement required in 2023/24.

- The Plan for 2023/24 is to meet the new national 76% operating plan target against the 4-hour performance by March 2024. There are a number of further developments supported by the Urgent and Emergency Care transformation programme to increase effective bed capacity for emergency admissions, patient flow, and pathways within the emergency department. These plans include the introduction of virtual ward pathways of care to facilitate earlier discharge and reduce admissions to improve demand for beds;
- support for the complex discharge process and the capacity of intermediate and social care to reduce further the number of ‘No Criteria To Reside’ to 5%;
- continued focus on timeliness of daily discharges, use of the discharge lounge, and increased number of weekend discharges;
- optimisation of clinical pathways to the new Acute Medical Unit to increase the number of Same Day Emergency Care discharges;
- focus on reducing breaches of the 4-hour standard for non-admitted pathways of care.
- streaming patients to alternatives to ED such as Urgent Treatment Centres, pharmacies and self-care.

Further information on “No Criteria to Reside”

As noted above, this is the status of a patient who (having undergone appropriate treatment and assessment) no longer meets the medical criteria to stay in an acute or community hospital bed; previously known as a delayed discharge.

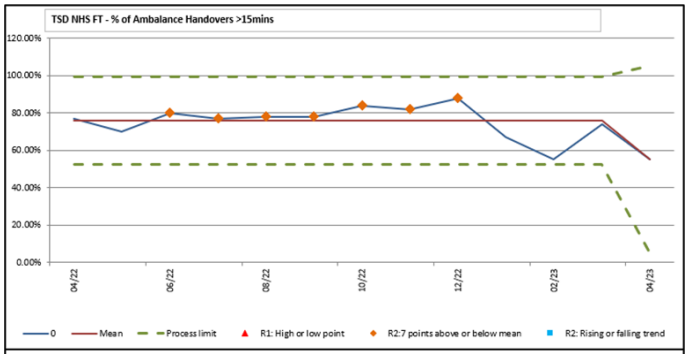
A patient occupying a hospital bed with No Criteria To Reside is potentially occupying a bed space needed for patients requiring admission from the Emergency department, Assessment units or transfer into a Community Hospital. This has contributed to delays in the Emergency department and ambulance handover delays as full capacity is reached. For these reasons the Trust has implemented an improvement programme (outlined above) supported with funding to remove any process delays in discharge and increase capacity, particularly for the more complex discharges where other care packages or intermediate care support is needed.



During the year the number of beds occupied in the acute and community hospitals with No Criteria To Reside has improved from over 13% of beds occupied to 8% in March and 7.5% in April 2023. The recovery target set for improvement for No Criteria To Reside is 5% for 2023/24.

Within our Urgent & Emergency Care performance analysis above, we detail how we have utilised our position as an integrated care organisation to support the associated improvement plans and supported a pilot run by the Technology Enabled Care Service (TECS), page 19.

Ambulance handovers



Ambulance Handover delays were challenging for 2022/2023 particularly in Quarters 1-3 with 70-88% of all arrivals in excess of the 15-minute handover standard. Quarter 4 saw the opening of the Acute Medical Unit and provided support to patient flow in the hospital. During the same Quarter the Trust placed a key focus on committing to improving the two main causes of patient flow imbalance by improving performance by increasing the number of patient discharges before noon and increasing the number of weekend discharges.

As a result of the above the Trust saw a benefit to flow within the hospital and emergency department and as result a positive reduction in handover delays to 55% over 15 minutes in April 2023.

The plan for 2023/34 to continue to build on the improvements above and through the Urgent and Emergency Care Board work towards no ambulance delays at the end of March 2024.

Referral to treatment (RTT) access times

The number of patients waiting for treatment increased during the year with 40,180 patients waiting at the end of March 2023 for first definitive treatment, up from 37,261 at the start of the year. The number of patients waiting over 104 weeks, however, has been reduced to zero in this time and the Trust achieved its Tier 1 improvement trajectory to reduce the number of patients waiting over 78 weeks.

The Day Surgery Unit is a national exemplar in day case surgery completion rates and productivity. During covid escalation the Day Surgery Unit was used periodically as covid escalation for emergency admission assessment with a consequential increase of day surgery waiting lists. In April 2022, following the completion of the interim medical assessment areas the Day Surgery unit was fully restored to elective use. This has enabled teams to increase the number of day case procedures undertaken and start to reduce the number of patients waiting for day case procedures.

In 2022/23 the Trust worked closely with system partners to make use of allocated capacity at the former Nightingale Hospital in Exeter recommissioned to provide elective Orthopaedic short stay procedures and diagnostic hub. In 2023/24 this allocation of capacity has been increased with cataract procedures also now commenced.

In the outpatient setting of care, challenges have been seen with increases in waiting times for outpatient appointments and outpatient treatments. Through a focus on outpatient productivity, including pathways to utilise virtual non-face to face appointments and managing follow up pathways to release capacity, performance has started to improve. Work continues to support patient capacity and productivity through the outpatient service transformation programme and insourcing of additional clinical capacity in the most challenged areas.

The plans for 2023/24 are to have no patient waiting over 65 weeks. These plans are reliant on recruitment to vacant posts, sourcing of additional capacity and system mutual aid. The Trust has successfully bid to increase day surgery and endoscopy theatre capacity with two additional day surgery theatres and an additional endoscopy suite scheduled for completion in Quarter 4 2023/24.

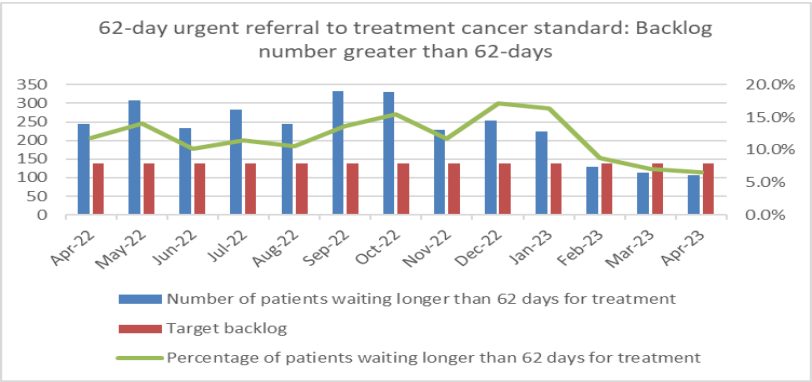
Referral to Treatment - 65 week wait Tier 1 monitoring and trajectory

Cancer standards

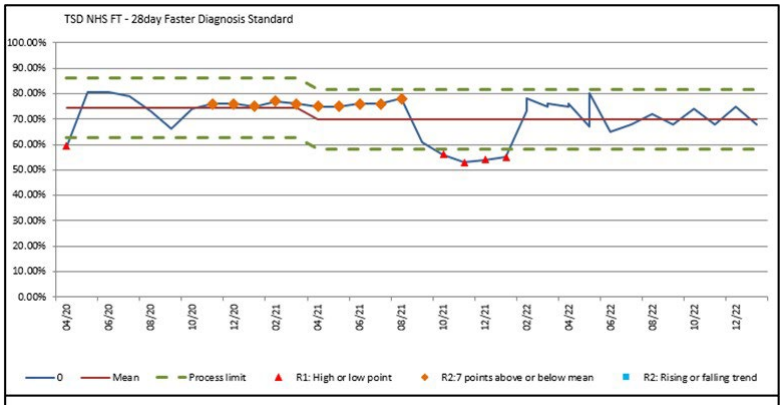
The Trust maintained its commitment to prioritise delivery of cancer treatments. The Trust, however, entered Tier 1 performance monitoring by NHSE due to the increasing number of patients waiting beyond 62 days for treatment following urgent referral. Since November 2022 there has been steady improvement with the backlog reduction meeting the threshold for stepping down out of Tier 1. This number reduced from 333 patients in November 2022 (13.6% of total list) to 114 patients (7% of total list) by end of March 2023.

Over the year the Trust has not consistently met the 14-day urgent referral to be seen, nor 28-day from urgent referral to diagnosis standards. There are known challenges and risks. However, close monitoring is in place with action plans reviewed through cancer performance oversight. In March 2023 the Trust achieved 77.4% against the 28-day referral to diagnosis standard (target 75%) and 76% against the 2ww standard (target 93%).

Over 62-day referral to treatment standard: greater than 62-day backlog (open pathways)



Faster diagnosis 28-days from referral cancer standard



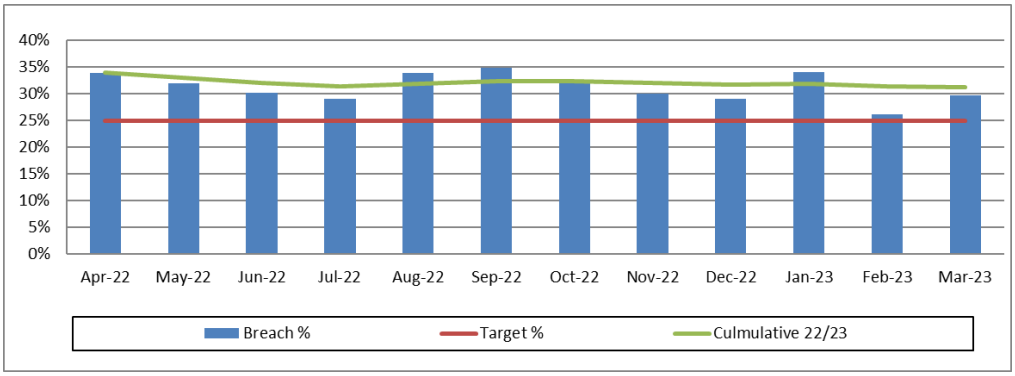
Diagnostics

Diagnostics: Demand for diagnostic tests has continued to increase. The delivery of required levels of capacity in CT and MRI is dependent upon the sourcing of additional capacity using mobile units. The Trust will commission a new Radiotherapy Planning CT scanner at Torbay which will be operational by September 2023 and will strengthen our Clinical Oncology pathways. The Nightingale Hospital Exeter has continued to support Torbay by offering additional CT and MRI capacity.

Recruiting to staff vacancies across the major diagnostic specialties remained a challenge throughout the year.

Endoscopy services has used additionally sourced weekend capacity throughout the year to stabilise waiting lists along with additional mobile capacity to support waiting list initiatives in preparation to the estates works to create additional facilities that will impact for a period in 2024/25.

Diagnostic greater than six-week wait breaches as a percentage of total waits



Equality of service delivery

The Trust maintains its approach to equality of service delivery by adhering to strict chronological booking processes in accordance with clinical prioritisation. We have a process of contacting patients by telephone, as well as letter, to agree appointment dates and follow-up appointments when initial contact with patients is unsuccessful. A rolling programme of clinical review and validation of longest waits is in place to identify and act as a safety net should a patient's condition change or they fail to engage with offered appointments.

The Devon System is working together to ensure equitable waits are achieved and is supporting mutual aid across providers and access to the Nightingale Hospital Exeter as a system resource to support additional capacity for diagnostics, orthopaedic, and ophthalmology treatments.

Assurance and performance monitoring: Weekly assurance meetings are held with operational leads and the System Care Group Directors reporting to the Chief Operating Officer.

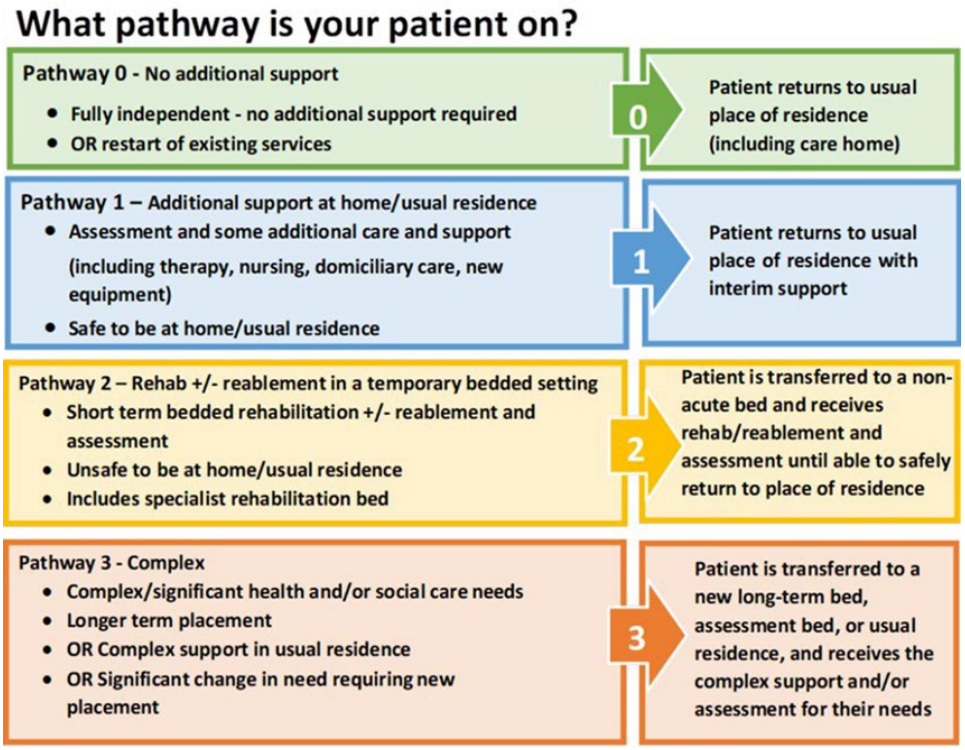
These meetings are in addition to the monthly Integrated Service Unit (ISU), executive-led, Integrated Governance Group (IGG) Meetings where performance is reviewed with system leadership teams following each ISU's monthly governance process.

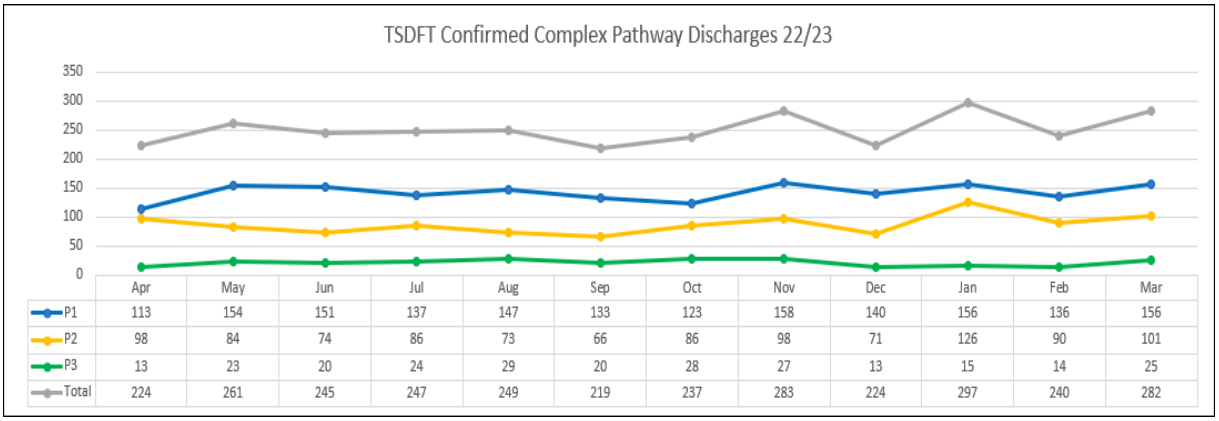
In 2023/24, monthly Urgent Care and Planned Care Board meetings are now established to track the delivery of transformation programme and performance against agreed plans.

This process gives the Executive Team and Board of Directors assurance in relation to performance monitoring, escalation of performance risks where additional support is needed, and actions being taken.

Other areas of Performance to note

Complex Pathway Discharges





	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
P1	113	154	151	137	147	133	123	158	140	156	136	156
P2	98	84	74	86	73	66	86	98	71	126	90	101
P3	13	23	20	24	29	20	28	27	13	15	14	25
Total	224	261	245	247	249	219	237	283	224	297	240	282

The total number of patients discharged through pathways 1-3 has remained fairly consistent throughout most of the year, averaging 251 complex pathway discharges per month. Pathways 1-3 are considered ‘complex’ as patients require support to enable a safe discharge.

During December the number of pathway 2 patients discharged decreased. There was also an increase of Covid cases which led to ward closures and care homes adhering to the guidelines for admission.

Throughout early January, providers began to accept new referrals again, and additional block contracted beds were purchased to support discharge into temporary bedded placement. This resulted in a year high for Pathway 2 discharges, and a total of 297 complex pathway discharges for January.

Across the 12 months the following numbers of patients were discharged on each pathway

Pathway	%	Actual
1	56.65	**1704**
2	35.01	**1053**
3	8.34	**251**

Average Length of Stay

The average length of stay in 2022/23 has increased however this remains in line with other South West Provider Trusts. In 2022/23 the average length of stay for patients admitted as an emergency and staying overnight was 7.9 days and this compares to 7.6 days average across other South West provider Trusts. Infection issues, specifically Covid, have contributed to this increase length of stay. Moving into 2023/24 reducing length of stay remains an ongoing key focus for the Trust to support both elective and non-elective activity and as such has been recognised in improvement plans specifically centered on early morning discharge, discharges before 5pm and at the weekend.

Stroke care

Patients presenting with suspected Stroke require rapid assessment diagnostics and dedicated rehabilitation care. The Sentinel Stroke National Audit Programme (SSNAP) measures the time critical processes of care provided across acute and community settings. The Trust did not meet the standards for the percentage of patients admitted to a stroke unit within 4-hours of arrival or the percentage of patients spending 90% or more of their hospital stay on a dedicated stroke ward. The Trust has a Stroke Improvement Plan to support patient outcomes and achievement of time critical standards. This plan is managed through the clinically led Stroke Governance meeting.

Winter planning 2022/23

The Trust improved its operational resilience heading into winter with an understanding that Covid and general winter pressures would be challenging and there would be an ongoing need to clinically risk management patients and importantly support the ongoing work to improve ambulance handovers and response times.

In conjunction with Devon system wide partners the Trust focused on the following key themes of improvement:

- Establishing a Winter Control Room to support daily operational challenges
- Better support for people in the community
- Delivering on our ambitions to maximise bed capacity and support ambulance services
- Ensure timely discharge and support people to leave hospital when clinically appropriate

Key areas of support that helped maintain the resilience during the winter period were the continuation of 11 Emergency Department Escalation beds, the expansion of the discharge lounge, opening of the new Acute Medical Unit and maintaining McCullum ward for winter escalation. Community support in the form of additional Care Home placements and packages of care likewise contributed to resilience.

Maternity Performance 2022/23:

Maternity assurance metrics are based on recommendations to meet the national priorities to reduce brain injuries occurring during or soon after birth, stillbirths, neonatal and maternal deaths by 50% by 2025. They are also based on the requirements set out in the Maternity Incentive Scheme (MIS) as part of the Clinical Negligence Scheme for the Trust (CNST) as well as those recommendations from both the Ockenden and East Kent Hospitals reports.

A monthly dashboard is produced which is monitored via maternity governance group. Metrics are shared via quality assurance groups within the organisation. An integrated performance report is shared at the monthly Trust Board meetings.

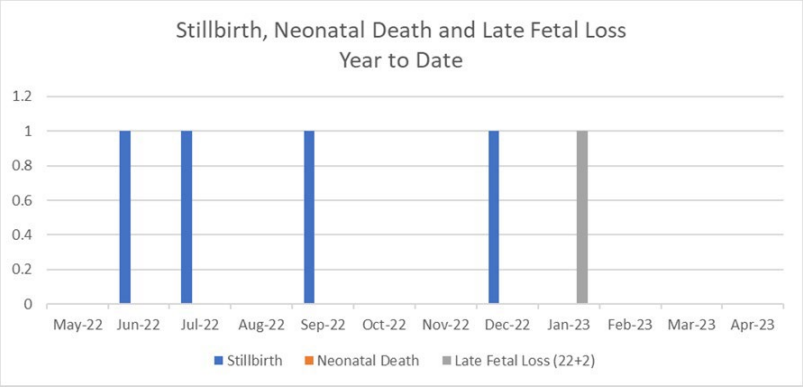
Birth rate

The number of births for 22/23 was 1,847. This is a reduction from 21/22 when it was 2,073. Reduction in birth rate is a national trend.

Perinatal Mortality Rate

The graph below shows the perinatal mortality detail for 22/23 – there were 5 deaths.

Torbay's perinatal mortality rate for 2022 is 4.2% which is the same as the national average. A deep dive/thematic review was carried out into all deaths in 2022 and no themes or issues with care were identified.



Smoking rates

There has been a marked reduction in the number of women smoking at time of delivery (SATOD). Historically the SATOD data was 13-15%. With the introduction of the Smoke-free Pregnancy team this rate has dropped to 7.3% for the year 2022/23. This is below the national average of 8.6%.

Identifying fetal growth restriction

Data on our detection of small for gestational age (SGA) babies in Quarter 4 of 22/23 has evidenced performance above the recommended average. Torbay is one of the Top 10 Trusts in the country for detection of small babies. The Trust has achieved a detection rate of 69.2% which is significantly higher than the National average of 43.6%.

Financial Performance

Funding overview

We earned over £644 million of income during 2022/23, primarily from clinical activities, but also received a significant contribution from education and training and other income generation activities.

In 2022/23 the majority of our clinical income and adult social care income was received through block contract income streams received via NHS Devon Integrated Care Board and Torbay Council respectively.

The funding arrangements for the 2023/24 financial year continue to be mostly block contract related, but reduced financial support is now in place for our response to COVID-19. Greater financial emphasis is also being placed on earned elective recovery income to reduce waiting lists on planned care pathways.

Excluding the cost of pay awards to staff, which are funded centrally, planned income is forecast to reduce by circa £5m in 2023/24. This coupled with recurrent savings shortfalls brought forward from 2022/23 totaling circa £15m, further forecast significant inflationary cost pressures on consumables and care services provided by the Independent (out of hospital) Sector, we are forecasting a deficit of £32.6m during 2023/24, after an in year 2023/24 planned savings target of £46.6m. During this period of time, interim support in the form of Public Dividend Capital (PDC) from the Department of Health and Social Care (DHSC) will be accessed to ensure that adequate financial support is in place throughout 2023/24.

Value for Money

To help demonstrate value for money, we use benchmarking information such as the NHS productivity metrics. For procurement of non-pay related items, we have a procurement strategy which maximises value using national contracts and through collaboration with other NHS bodies in the Peninsula Purchasing and Supply Alliance.

Under the National Audit Office ('NAO') Code for 2022/23, our external auditor, Grant Thornton LLP, have issued an Auditor's Annual Report providing a commentary on the Trust's arrangements to secure Value for Money. As part of this work they have identified two significant weakness. These are:

- The Trust is going through the development of its savings programme, it should continue to reassess the level of risk contained in it, how this risk can be mitigated, and communicate with system partners if there is going to be a likely impact on its ability to deliver the overall financial plan for 2023/24. The programme, once fully developed should be underpinned by robust assumptions, validated by staff delivering the CIPs and triangulated with other supporting plans, for example workforce and activity plans, as well as with system plans. Progress against delivery should be reported to the FPDC and the Board, and support provided to services to deliver remedial action as soon as possible, if delivery is off track.
- Building on the work that has already begun, we recommend the Trust and system develop a credible medium term financial plan to provide assurance that the Trust can achieve reported/underlying breakeven position in the next 3-5 years. The Trust plan should be:

- updated with the latest 2023/24 financial plan and assumptions;
- aligned with other Trust plans (for example workforce, operational plans and estates) and be aligned with the system medium term financial plan and assumptions; and
- underpinned by a detailed pipeline of financial opportunities over the medium term.

Capital developments during the last year

During 2022/23 we continued to invest in our facilities and equipment and carried out capital projects including recognition of in-year Right of Use Assets additions totaling £45.9 million. In addition to this sum, we received charitable donations totaling £1.7 million. Part of our capital expenditure has been supported by the Public Dividend Capital received from the Department of Health and Social Care and through other sources of financing such as leases with both commercial providers and public sector organisations.

Cashflow

Our cash position has decreased, from a starting point at 01 April 2022 of £39.3m, to a sum of £34.7m, as at 31 March 2023. The reduction in cash balance has primarily been primarily driven by movements in our working capital, most notably an increase in Inventories totaling £2.1m.

Other liabilities and Trade and other payables - creditors totaling circa £20.0m will unwind over the first part of the financial year 2023/24 as suppliers' invoices become due for payment and as deferred income performance obligations are met.

During 2023/24, we will continue to maintain detailed cashflow forecasts to assist with cash planning. We will request financial support from arrangements that are proven and already in place with the Department of Health and Social Care to ensure that we continue to meet our contractual obligations to suppliers, staff and other government agencies.

Financial framework

Being licensed as an NHS Foundation Trust means that we are more accountable to its local public and patients. With effect from 01 April 2016, Monitor became part of NHS England / Improvement. Since that date the financial framework of NHS Foundation Trusts and NHS (non Foundation) Trusts have become more aligned.

As noted in Part II of the annual report, our financial performance continues to be monitored by NHS England

Accounting framework

As an NHS Foundation Trust, we apply accounting policies compliant with the Department of Health and Social Care's Group Accounting Manual (GAM). The DHSC GAM includes mandatory accounting guidance for DHSC group bodies completing statutory annual reports and accounts. These group bodies include clinical commissioning groups, NHS trusts, NHS foundation trusts and arm's length bodies.

The GAM is approved by the HM Treasury Financial Reporting Advisory Board.

Accounting policies

Accounting policies for pensions and other retirement benefits are set out in a note to the full accounts (note 1.8) and details of senior employees' remuneration are given in the Remuneration Report.

Charitable funds

Torbay and South Devon NHS Charitable Fund is a registered charity (number 1052232) and as such a separate legal entity, established to hold charitable donations given to Torbay and South Devon NHS Foundation Trust. Donations are received from individuals and organisations and are independent of the monies provided by the government.

Based upon the most up to date figures (subject to audit), in 2022/23 the Charitable Fund received donations and legacies totalling £2,339,000.

Included within this figure were extremely generous donations from the Torbay Hospital League of Friends (£1,570k, including funding for equipment for the new Acute Medical Unit and CT scanners) and Brixham Hospital League of Friends (£309k). The Charitable Fund also received £163,000 from Torbay Medical Research Fund in respect of various research projects.

We continue to complete projects funded by grants from NHS Charities Together, the organisation which distributed donations given to the NHS in response to the COVID-19 pandemic.

Other donations have been used to purchase numerous items of medical and other equipment, as well as supporting the training and development of staff and patient/client welfare. Full details can be found in our Charitable Fund Annual Report and Accounts, which we produce in our role as corporate trustee.

Emergency Preparedness, Resilience and Response (EPRR)

NHS England EPRR Assurance

On 30 November 2022, our Board of Directors received and approved the outcome of the NHS England / Integrated Care Board EPRR core standards assessment for 2021 in relation to our responsibilities as a category 1 responder under the Civil Contingencies Act (2004). Assurance was provided to our Board that against the 64 standards we scored: 60 fully compliant standards and four partially compliant standards moving us to an overall rating of substantially compliant from partially compliant following the previous year, demonstrating a significant improvement.

During the year we implemented our incident response plan and began rolling out a training programme across the organisation to staff who are involved in such situations.

In addition to the core standards assessment, we participated in an external audit from South Western Ambulance Service NHS Foundation Trust in relation to the Chemical, Biological, Radiological and Nuclear (CBRN) capability audit. We successfully passed the audit with no further recommendations, evidencing the process in place to manage a CBRN incident.

EPRR Incidents 2022/23:

During the year, we recorded six business continuity incidents through our Datix system. We had no confirmed major incidents. Weare unable to report on critical incidents as the reporting mechanism was partway through the financial year.

The business continuity incidents related to:

- a failure of water pump, preventing a loss of facilities
- a cyber-attack occurred on a contractor that supplies our catering supplies
- red warning for extreme heat
- water leak in a patient facing area
- power outage in theatres and the main entrance corridors.

'Hot' debriefs were completed and lesson have been identified and added to our lessons identified tracker.

EPRR risk register

The EPRR risk register is being reviewed to assist in mitigating organisational and community risk. This review of the risk register then will aid the work plan for the EPRR team for 2023/24.

EPRR training and exercising

During the year the EPRR team delivered the following training courses:

Course name	Number of roles completed course	Number of roles required to complete the course (KPI)	Rating In performance
Loggist training	17	32	Less than 75%
Tactical command	34	62	Less than 75%
Strategic command	4	14	Less than 50%
Decontamination recertification	9	32	Less than 50%
Total	58	140	Less than 50%

As a result of OPEL 4, industrial action and critical incidents, significant training was cancelled over the course of the year. The priority for 2023/24 will be to deliver more than 75% training to people in key roles across the organisation.

During the year we took part in two main exercises. 'Exercise Drogon' on 01 September 2022 tested NHS Devon's system critical incident plan. On 09 March 2023 we were involved in a test of the mass casualty distribution plan with South Western Ambulance Service NHS Foundation Trust. The debrief reports will be shared for lessons to be learnt and adopted.

Environmental matters and the impact on the environment

We recognise that climate change and carbon emissions present a risk to health at both the national and global level. As a provider of healthcare and as a publicly-funded organisation, we are committed to ensuring the long-term sustainability of the natural environment and a contribution to the reduction of carbon emissions, in order to deliver sustainable healthcare and to safeguard human health.

- In 2020, NHS England defined two clear targets, which we are aligned to:for the emissions we control directly (the NHS Carbon Footprint), net zero by 2040, with an ambition to reach an 80% reduction by 2028 to 2032
- for the emissions we can influence (the NHS Carbon Footprint Plus)), net zero by 2045, with an ambition to reach an 80% reduction by 2036 to 2039.

Our green plan was formally approved at our Board of Directors meeting in February 2022 and forms part of our broader Integrated Care System green plan for Devon and is also a key enabling plan for our organisational strategy and vision of better health and care for all.

Our green plan defines our commitment to environmental sustainability with a primary focus on how we will drive towards the NHS net zero targets. The key outcomes include:

- ensuring we are aligned to the NHS-wide ambition, and that of the Integrated Care System for Devon to become the world's first healthcare system to reach net zero carbon emission
- prioritising interventions which improve the quality of healthcare we deliver, while also tackling greenhouse gas emissions and broader sustainability challenges
- defining our strategic approach in such a way that we make the right sustainability decisions first time.

A further update on progress against our green plan was presented to our Board of Directors in February 2023 and confirmed that good progress has been made against the majority of the actions and commitments we have made, along with our commitment to decarbonisation, sustainable development and achievement of national objectives, continue to be key priorities for us.

Through our green plan, we are focusing on the following areas to achieve net zero carbon:

- how we manage our existing buildings in the context of energy use and decarbonisation
- how we build new buildings that are net zero carbon in their construction and operation
- how we manage our consumption of water
- how we manage our waste streams
- how we support and develop sustainable travel and transport for patients, staff and visitors, encouraging sustainable travel modes where appropriate
- how we manage the reduction of our carbon footprint relating to anaesthetic gases and other pharmaceutical products
- how we innovate to provide net zero carbon healthcare embracing new working practices and digital enablers
- how we work with our supply chain to reduce, minimise and eventually decarbonise
- how we encourage and develop biodiversity across our green spaces for the benefit of patients, staff and visitors
- how we adapt to ensure we meet the challenges that will arise from climate change.

Our achievements this year include:

- the implementation and review of our green travel plan, which was underpinned by several initiatives, including a phased implementation of virtual ward models for frailty and respiratory services, and the launch of a full review into the management of staff parking, with a view to improving uptake in more environmentally-friendly transport and travel methods
- the roll out of carbon-literacy training to our key stakeholders and decision-makers
- the cost-neutral creation of a new Energy and Decarbonisation Manager post within our Workplace Team, focused on optimisation of our approach to utilities consumption
- the continued roll out of habitat-preservation and bio-diversity initiatives across our sites, particularly at Torbay Hospital, including wild seed meadows, bug hotels, sensory walks, and bat and bird boxes
- conclusion of our heat decarbonisation plan referenced in the previous year's annual report, which is being owned by the Technical Centre of Excellence within the Workplace Team who plan to begin implementation in 2023/24
- developed and agreed a specification for a power purchasing agreement, delivering locally sourced renewable energy directly to our Torbay Hospital site in order to reduce reliance on more traditional energy sources. This opportunity will form part of an open-market, competitive tender process and awarded in the latter part of the 2023/24 strategic year.
- We ensure all our capital build projects embrace our transition to carbon net zero through the design and delivery of new infrastructure and equipment. This includes removing the need for gas and using solar and air heat source pump technologies in new builds.

While our green plan focuses on 2022-2025, we will ensure it is updated and expanded regularly, as and when there is a better understanding of our environmental impacts and how to reduce them.

Social and community issues

We are clear about our leadership role in our local health and care system. As an anchor institution we are deeply connected to our local area and we use our influence, skills and resources to benefit the communities we serve.

We recognise we have a particular responsibility to help our children and young people start well in life, giving them a good foundation of health and wellbeing that will protect them against later ill-health, while also supporting their education, training and future job prospects.

We are working with our community partners to reduce the inequalities experienced by local people. We recognise the impact on employment on long term health outcomes and are committed to providing meaningful, flexible employment for local people as well as work experience and volunteering opportunities. Through the Torbay Advice Network supported pathway local people in receipt of adult social care receive additional support to obtain and maintain employment through advice and guidance with reasonable adjustments and an access to work scheme.

We have developed several new initiatives to support employment within our local community. This includes an alliance with our local further education provider, South Devon College, to develop pathways into health and care careers. During the year we launched our new health car support worker scheme to support people into much needed roles and began working in partnership with the job centre on the volunteer to career programme which supports people through volunteering into secure employment. We also joined the 16-18 year old's T levels scheme and expanded our placement opportunities with the first cohort of industrial placements offered this year.

We have also committed to sharing our apprenticeship levy programmes to give smaller employers in Torbay and South Devon opportunities to harness apprenticeship opportunities and we are developing a new work experience online platform to give everyone the opportunity to see what our local career opportunities. We are also working with private, voluntary and independent sector partner across Torbay and South Devon to broaden our reciprocal placements offer to help improve career prospects across the whole health and care sector.

We also recognise the impact of housing, education, environment, debt and many other factors on people's health and wellbeing and will continue to work closely with our communities and in partnership with others to do our bit in making life better for all. We are proud signatories of the Torbay community wealth buildingmemorandum of understanding and we are working together with our partners to improve how we support the local economy from the goods that we buy, to the people that we employ, the assets that we own and the powers that we have to bring about positive change that will benefit local people.

In addition, our staff support many health-related groups in both a business and voluntary capacity. We support and enable our staff to play a full part in the community, for example by acting as governors for schools and colleges.

Anti-bribery and human rights issues

Our internal processes ensure consistency with our zero-tolerance approach to bribery and we work closely with our Local Counter Fraud Specialist (LCFS) to raise awareness of our policies and procedures through local induction sessions and bespoke training. We have continued to use the management database system to support our compliance with NHSE guidance on managing conflicts of interest. have continued to run awareness campaigns to remind staff of the requirement to comply with NHSE guidance and the Bribery Act 2010.

We encourage anyone with a concern to speak out and report concerns through our governance processes and our policies and procedures.

Our people can raise concerns through internal channels, either via the Freedom to Speak Up Guardians (FTSU) or the LCFS. The FTSU and LCFS report regularly to the Board and the Audit Committee, respectively and the FTSU line management is direct to the Chief Executive. The FTSU Guardian has a standing invitation to the Board Sub-Committee with responsibility for workforce, staffing and wellbeing – the People Committee - and is a regular attendee.

As an organisation we recognise the benefits of ethical procurement and professional training. We endorse membership of the Chartered Institute of Procurement and Supply for our professional buying team. This includes the adoption of the Institute's code of conduct, which is also included within our Standing Orders and Standards of Business Conduct. We encourage best practice within our supply chain by ensuring we are compliant with legislation. We also encourage our suppliers and contractors working on our behalf to challenge unethical behaviour and promote a 'speak up' culture.

The Trust has a Counter Fraud, Bribery and Corruption policy which deals with the specific issues in the title. The Trust's policies relating to Conflicts of Interest, Gifts and Hospitality, and its Disciplinary policy link to Counter Fraud. Additionally, appropriate policies are reviewed throughout the year for Fraud resilience and, where applicable, are updated to protect the Trust from economic crime and wrongdoing. A process is in place to ensure that none of our policies have an adverse or discriminatory effect on patients and staff.

We have a Board approved anti-slavery and human trafficking statement, which is published on our website. We are playing a leading role in the development of a Devon and Torbay modern slavery adult victims referral pathway protocol and the formulation of the memorandum of understanding between statutory agencies within the anti-slavery partnership.

Important events since the end of the financial year

There are no important events since the end of the financial year to report.

Liz Davenport
Chief Executive
28 June 2023

PART II – ACCOUNTABILITY REPORT

Directors' Report

The directors are responsible for the preparation of the financial statements in accordance with Department of Health and Social Care Group Accounting Manual and that the account gives a true and fair view. 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 other stakeholders to assess our performance, business model and strategy.

The Foundation Trust Board of Directors

Our Board of Directors ('the Board') has collective responsibility for the exercise of all our powers. The general duty of the Board and of each director individually, is to act with a view to promoting the success of the organisation to maximise the benefits for the members of the organisation and for the public. Directors are jointly and severally responsible for all the decisions of the Board.

The Board of an NHS Foundation Trust is accountable for the stewardship of the organisation, our services, resources, staff, and assets. The arrangements established by a Board must be compliant with the legal and regulatory framework, protect and serve the interests of stakeholders, specify standards of quality and performance, support the achievement of organisational objectives, monitor performance, and ensure an appropriate system of risk management and internal control.

Our constitution specifies that the Board of Directors shall comprise a non-executive Chairman; other non-executive directors; and executive directors.

- To ensure the balance and effectiveness of the Board, our constitution further requires that: one of the Executive Directors shall be the Chief Executive
- the Chief Executive shall be the Accounting Officer
- one of the Executive Directors shall be the Chief Finance Officer
- one of the Executive Directors shall be a registered medical practitioner or a registered dentist (within the meaning of the Dentists Act 1984)
- one of the Executive Directors shall be a registered nurse or a registered midwife
- the non-executive directors and Chairman together shall be greater than the total number of executive directors.
- the validity of any act of the organisation is not affected by any vacancy among the directors or by any defect in the appointment of any director.

Appointments to the Board both of Executive and Non-Executive Directors in the reporting period meant that the Board was fully constituted.

The Board is accountable to stakeholders for discharging its general duties and is responsible for organising and directing the affairs of our organisation and our services in a manner that will promote success and is consistent with good corporate governance practice, and, for ensuring that in carrying out our duties, we meet our legal and regulatory requirements. In doing so, the Board of Directors ensures that our organisation maintains compliance with its terms of authorisation and other statutory obligations.

The Board reserves some responsibilities to itself, delegating others to the Chief Executive and other Executive Directors or Committees of Directors. Those matters reserved to the Board are set out as a formal schedule which includes approval of:

- our long-term objectives and financial strategy
- annual operating and capital budgets
- changes to our senior management structure
- the Board's overall 'risk appetite'
- our financial results and any significant changes to accounting practices or policies
- changes to our capital and estate structure
- conducting an annual review of the effectiveness of internal control arrangements
- setting the corporate governance structure of its Board and Committees
- ensuring the Well-Led framework is central to the Board's oversight and assurance, utilising it within the Board's annual effectiveness review.

Our Board of Directors delegates responsibility to the Chief Executive to:

- enact the strategic direction of the Board of Directors
- manage risk
- achieve organisational compliance with the legal and regulatory framework
- achieve organisational objectives
- achieve specified standards of quality and performance
- operate within, generate, and capture evidence of the system of internal control.

Board of Directors – disqualification

The following may not become or continue as a member of our Board of Directors:

- a person who has been adjudged bankrupt or whose estate has been sequestrated and who (in either case) has not been discharged
- a person who has made a composition or arrangement with, or granted a Foundation Trust deed for his creditors and who has not been discharged in respect of it
- a person who within the preceding five years has been convicted in the British Islands of any offence if a sentence of imprisonment (whether suspended or not) for a period of not less than three months (without the option of a fine) was imposed on him
- a person who falls within the further grounds for disqualification as described in our constitution
- a person excluded from eligibility in accordance with the NHS Standard Form Licence Conditions, as issued from time to time.

Composition of the Board of Directors

Our Board of Directors as at 31 March 2023 is shown below:

Non-Executive Directors	Executive Directors
Richard Ibbotson – Chairman Richard Crompton – Non-Executive Director and Vice Chair Chris Balch – Non-Executive Director and Senior Independent Director Jacqui Lyttle – Non-Executive Director Vikki Matthews – Non-Executive Director Paul Richards – Non-Executive Director Robin Sutton – Non-Executive Director Siân Walker-McAllister – Non-Executive Director	Liz Davenport – Chief Executive David Stacey – Deputy Chief Executive and Chief Finance Officer Ian Currie – Medical Director Adel Jones – Director of Transformation and Partnerships Deborah Kelly – Chief Nurse Jon Scott – Chief Operating Officer Michelle Westwood – Chief People Officer

Note: Our Board has two non-voting Executive directors Dr Joanne Watson, Health and Care Strategy Director and Mrs Emily Long, Director of Corporate Governance and Trust Secretary. In addition, there is one non-voting associate non-executive director, Dr Peter Aitken.

Since the year-end there have been no changes in Board membership. The gender balance of the Board as at 31 March 2023 was:

	Female	Male
Non-Executive Directors	3	5
Executive Directors	4	3

Biographies of the members of the Board are provided in Appendix A.

Directors' interests

Members of the Board of Directors are required to disclose details of company directorships or other material interests which may conflict with their role and management responsibilities at our organisation. At each meeting of the Board of Directors, a standing agenda item also requires all Executive Directors and Non- Executive Directors to make known any interest in relation to the agenda and any changes to their declared interests. There are no interests which may conflict with their management responsibilities as per the requirements of the NHS Foundation Trust Code of Governance. The Chairman has no other significant commitments that affect his ability to carry out his duties to the full and was able to allow sufficient time to undertake those duties.

The Chief Executive's Office maintains a register of interests, and is available on our website or by contacting the Trust Secretary at the address given in Appendix B – Further information and contact details.

No political donations were made or received by the organisation in the reporting period.

Independence of the Non-Executive Directors

Our Board of Directors has assessed the independence of the Non-Executive Directors and considers all current Non-Executive Directors to be independent in that there are no relationships or circumstances that are likely to affect their judgement as evidenced through their declarations of interest, previous employment, or tenure.

Committees of the Board of Directors

The Board has established the 'statutory' Committees required by the NHS Act 2006 and our constitution. The Non-Executive Nominations and Remuneration Committee and the Audit and Risk Committee each discharge the duties set out in our constitution and their terms of reference.

The Board has chosen to deploy additional 'designated' Committees to augment its monitoring, scrutiny, and oversight functions, particularly with respect to quality and financial risk management. These are the Quality Assurance Committee, the Finance, Performance, Digital Committee, the People Committee and the Building a Brighter Future Committee.

The role, functions and summary activities of the Board's Committees are described below:

Non-Executive Nominations and Remuneration Committee

The purpose of the Non-Executive Nominations and Remuneration Committee is to conduct the formal appointment to, and removal from office, of Executive Directors, other than the Chief Executive who shall be appointed or removed by the Non- Executive Directors subject to approval by the Council of Governors. The Committee also considers succession planning for Executive Directors, considering the challenges and opportunities facing the organisation, and the skills and expertise that will be needed on the Board of Directors in the future.

We are also required to appoint a Remuneration Committee in accordance with Schedule 7 of the NHS Act 2006 (paragraph 18(2)), Schedule 1 of the Constitution, and the NHS Foundation Trust Code of Governance.

The Non-Executive Nominations and Remuneration Committee fulfils the dual purpose of the two statutory Committees for nomination and remuneration of Executive Directors. It also decides the remuneration and allowances, and the other terms and conditions of office, of the Executive Directors, and reviews the suitability of structures of remuneration for other senior managers.

The Committee met on 15 occasions in the reporting period for the purpose of considering changes in remuneration for Executive Directors and other senior managers, receiving reports on the appraisals and objective setting for Executive Directors, Executive succession planning, and to lead on the appointments of Executive Directors, namely the Chief People Officer and Chief Operating Officer. The Committee was supported in the recruitment process by an external recruitment consultant. The Chair of the Committee submitted a report to the Board following each meeting, highlighting any matters requiring disclosure to the Board.

Audit and Risk Committee

The Audit and Risk Committee works in parallel with the Board's Sub-Committees.

The terms of reference for the Audit and Risk Committee are published on the Trust's website. The Audit and Risk Committee reviews the effectiveness of systems of governance, risk management and internal control across the whole of the organisation's activities. In comparison, the Quality Assurance Committee reviews the actions being taken by the organisation to ensure the ongoing maintenance of standards of quality of care and improvements, where necessary, to patient experience.

- During the year the Audit and Risk Committee reviewed the adequacy of: all risk and control-related disclosure statements, together with any accompanying Head of Internal Audit Opinion statement, external audit opinion or other appropriate independent assurances, prior to endorsement by the Board
- underlying assurance processes that indicated the degree of the achievement of corporate objectives, the effectiveness of the management of principal risks, the controls in place and the appropriateness of the disclosure statements
- policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements
- policies and procedures for all work related to fraud and corruption as required by the NHS Counter Fraud Authority

- the Committee's terms of reference and work plan.

The Committee sought reports and assurances from directors and managers as appropriate, concentrating on the over-arching systems of governance, risk management and internal control, together with indicators of their effectiveness; notably, the Committee-initiated improvements to the Board assurance framework.

As part of the year-end reporting process, the Chief Finance Officer presented a summary of the financial results, an overview of the financial statements and the key areas of judgment and estimation, building on the external audit risk assessment.

The committee also received an update on the implementation of IFRS 16.

The Committee met on five occasions in the reporting period and was attended by the Chief Finance Officer and other senior managers, including the Director of Operational Finance, Chief Nurse and Interim Director of Corporate Governance. A governor observer was also in attendance. Representatives from the external auditor (Grant Thornton), internal auditor (ASW Assurance) and our local counter fraud specialist attended each meeting. The Committee undertook a self-assessment during the year and also reviewed its terms of reference. The Chair of the Committee submitted a report to the Board following each meeting, highlighting any issues requiring disclosure to the Board.

The external auditor (Grant Thornton LLP) has not provided any additional non-audit services during the period.

Audit and Risk Committee Chair's opinion and report

In support of the Chief Executive's responsibilities as Accounting Officer for the Foundation Trust, the Audit and Risk Committee has examined the adequacy of systems of governance, risk management and internal control within the organisation, from information supplied, and formed the opinion that:

- there is a generally adequate framework of control in place to provide reasonable assurance of the achievement of objectives and management of risk
- assurances received are sufficiently accurate, reliable, and comprehensive to meet the Accounting Officer's needs and to provide reasonable assurance
- governance, risk management and internal control arrangements within the organisation include aspects of excellence as well as aspects in which ongoing attention to the control improvement is required
- financial controls are sufficient to provide reasonable assurance against material misstatement or loss
- the quality of both internal audit and external audit over the past year has met all the organisation's requirements.

The Committee discharged its role through the year as follows:

- we reviewed the establishment and maintenance of an effective system of governance, risk management and intern al control across the whole of the organisation's activities (both clinical and non-clinical)
- we ensured that there was an effective internal audit function established by management that meets mandatory Public Sector Internal Audit Standards and provides appropriate independent assurance to the Committee. The Committee reviewed and approved the internal audit plan, ensuring that it was consistent with the audit needs of the organisation as identified by the Assurance Framework. The audit plan was reviewed during the year to ensure it remained risk based
- we considered the major findings of internal audit's work (and management's response). The internal auditor had unrestricted access to the Chair of the Committee for confidential discussion

- we reviewed the work and findings of the external auditor and considered the implications and management's response to their work. The key audit matters related to: ISA 240 revenue risk, valuation of land and buildings, management over-ride of controls, completeness of expenditure risk and, financial sustainability in respect of the organisation's arrangements for securing economy, efficiency and effectiveness in its use of resources. The external auditor had unrestricted access to the Chair of the Committee for confidential discussion
- we reviewed the Annual Report and financial statements before submission to the Board
- we ensured the Standing Financial Instructions and Standing Orders were maintained and kept up to date, with an annual review of instances where exceptions to the rules were made
- we ensured the Standing Financial Instructions and Standing Orders were maintained and kept up to date, with an annual review of instances where exceptions to the rules were made we reviewed the findings of other significant assurance functions, both internal and external to the organisation, and considered the implications to the governance of the organisation.

Quality Assurance Committee

The Board of Directors has established the Quality Assurance Committee to support the Board in discharging its responsibilities for monitoring the quality of the organisation's services. This includes the essential standards of quality (as determined by Care Quality Commission's registration requirements), and national targets and indicators (as determined by NHSE's Oversight Framework). The Committee's work plan is aligned to the organisation's corporate objectives and associated risks.

The Committee reviews the outcomes associated with clinical services and patient experience and, the suitability and implementation of risk mitigation plans regarding their potential impact on patient outcomes. The Committee is also required, as directed by the Board from time to time, to consider issues relating to quality where the Board requires this additional level of scrutiny.

During the year, the Committee considered:

- the Board assurance framework and corporate level risks
- data and quality and safety metrics in relation to never events, long stay patients with mental health and domiciliary care, Venous thromboembolism (VTE), stroke, maternity and serious incidents
- quality and safety risks in relation to operational matters and harm reviews
- clinical governance framework and associated priorities
- patient safety strategy
- progress against the Care Quality Commission improvement plan
- internal audit reports relating to patient safety and quality
- patient surveys that also included reports on patient experience
- the integrated quality, finance, and performance report from a quality and safety perspective
- the Quality Account and its priorities.

A programme of service reviews during the year was introduced during the year enabling the Committee to undertake a detailed deep-dive into specific services or specialties. To date the Committee has conducted deep-dives into the following:

- Torbay Drug and Alcohol Service
- stroke services (two deep dives in the reporting year)

- support for patients with complex mental health needs
- maternity and obstetrics.

The Committee met seven times during this reporting period. Along with Committee members, the Committee was attended by a number of senior managers, including System Directors of Nursing and Professional Practice, Clinical Service Leads and the Interim Director of Corporate Governance. The Chief Executive and Audit and Risk Committee Chair attended on occasions in an observer capacity. A governor observer was also present at the majority of meetings. The Chair of the Committee submitted a report to the Board following each meeting, highlighting any issues requiring escalation to the Board.

Finance, Performance, and Digital Committee

The Finance, Performance and Digital Committee has delegated authority from the Board of Directors, subject to any limitations imposed by the schedule of matters reserved to the Board, to review and make such arrangements as it considers appropriate on matters relating to:

- control and management of the finances of the organisation
- target level of efficiency savings and actions to ensure these are achieved
- budget setting principles
- year-end forecasting
- commissioning
- capital planning and delivery.

The Finance, Performance and Digital Committee met on 13 occasions during this reporting period. The Chief Executive and Audit and Risk Committee Chair attended on occasions in an observer capacity. A governor observer was invited to attend each meeting and was present at the majority of meetings. The Chair of the Committee submitted a report to the Board following each meeting, highlighting any issues requiring disclosure to the Board.

People Committee

The purpose of the People Committee is to provide assurance to the Board on the following:

- national workforce guidance and strategies
- the people plan and associated activity/implementation plan(s) to support our forward strategy
- key people and workforce performance metrics and targets
- provide assurance on those elements of the Board assurance framework identified as the responsibility of the Committee
- availability and opportunity for freedom to speak up and employee voice, and plans to improve staff experience in line with national staff survey findings.
- strategic people and workforce issues at national and local level
- act as an early point of contact for the FTSU Guardian to raise concerns prior to reporting to Board.

During the year, the Committee has considered:

- review of the Board assurance framework and corporate risk register, with appropriate challenge to the proposed controls and risk scoring
- deep-dives in to the achievement reviews, just and learning culture, attraction and retention of talents
- received reports on progress against our people promise and plan
- received assurance reports around education and workforce development
- reviewed the workforce information including pay and absence information

- reviewed talent management and succession planning arrangements
- received reports on the Workforce Transformation Programmes
- triangulated information to reconcile headcount and finance data.

The People Committee meets on a bi-monthly basis and is chaired by a Non- Executive Director. The Committee membership also includes two further Non- Executive Directors, Chief People Officer, Chief Operating Officer, the Chief Nurse and the Medical Director. The Chief Executive and Audit and Risk Committee Chair attended on occasions in an observer capacity. A governor observer was invited to attend and was present at each meeting.

Building a Brighter Future Committee

The Building a Brighter Future Committee was established for the purpose of providing assurance to the Board regarding the processes, procedures and management of the new hospital programme 'Building a Brighter Future' and to support the successful achievement of the programme investment objectives and realisation of the stated benefits. The Committee also provides assurance around the achievement of the objectives set out in the programme, that approved projects are being effectively managed and controlled and confirms that projects are delivering the stated benefits, are value for money, and are ultimately affordable.

The Building a Brighter Future Committee meets on a monthly basis and is chaired by a Non-Executive Director. The Committee also comprises two further Non- Executive Directors, Medical Director, Chief Finance Officer and the Senior Responsible Officer/ Programme Sponsor. The Chief Executive and Audit and Risk Committee Chair attended on occasions in an observer capacity. A governor observer was invited to attend and was present at each meeting.

Enhanced quality governance reporting

The Board was satisfied during the year that, to the best of its knowledge and using its own processes (supported by Care Quality Commission information), the organisation had, and will keep in place, effective leadership arrangements for monitoring and continually improving the quality of health and social care, including:

- ensuring required standards are achieved (internal and external)
- investigating and acting on substandard performance
- planning and managing continuous improvement
- identifying, sharing, and ensuring delivery of best-practice
- identifying and managing risks to quality of care.

This encompasses an assurance that due consideration was given to the quality implications of plans (including service redesigns, service developments and cost improvement plans), in the form of quality and equality impact assessments, and that processes are in place to monitor their ongoing impact on quality and take subsequent action, as necessary, to ensure quality is maintained.

The basis of the Board of Directors confirmation was set out in the draft corporate governance statement to be submitted to NHSE. The Annual Governance Statement provides further information.

Membership and attendance at Board and Committee meetings

The Board of Directors discharged its duties during 2022/23 in ten meetings, and through the work of its Committees. The Chairman of the Board submitted a report to the Council of Governors (CoG) at each meeting, highlighting any matters requiring disclosure to the Council.

The table below shows the membership and attendance of voting board members who attend meetings of the Board and Board Committees during the year.

2022-23	Board of Directors	Council of Governors	Non-Executive Director Nominations and Remuneration Committee	Audit Committee	Quality Assurance Committee	Finance, Performance, and Digital Committee	People Committee	Building a Brighter Future Committee
Number of meetings	10	4	14	5	7	13	6	9
Richard Ibbotson	C10(10)	C4(4)	C14(14)	-	-	-	-	-
Chris Balch	10(10)	4(4)	-	5(5)	-	13(13)	6(6)	C9(9)
Richard Crompton*	4(6)	3(3)	1(3)	1(1)	-	C3(3)	-	3(6)
Jacqui Lyttle	4(10)	2(4)	7(14)	4(5)	C5(7)	-	-	-
Vikki Matthews	7(10)	3(4)	8(14)	4(5)	4(7)	-	6(6C	-
Paul Richards	10(10)	4(4)	-	4(4)	-	C10(10)	-	8(9)
Robin Sutton	10(10)	4(4)	-	C1(1)	-	13(13)	-	-
Sally Taylor**	6(7)	2(3)	10(11)	C4(4)	-	-	-	-
Siân Walker-McAllister	5(6)	2(2)	-	-	4(4)	-	3(3)	-
Liz Davenport	10(10)	3(4)	-	-	-	-	-	-
Ian Currie	10(10)	3(4)	-	-	7(7)	11(13)	6(6)	6(9)
Judy Falcão#	4(4)	0(1)	-	-	1(1)	-	2(3)	-
Sheridan Flavin##	2(2)	2(2)	-	-	1(3)	-	2(2)	-
John Harrison ^	5(5)	1(4)	-	-	1(4)	4(7)	0(3)	-
Adel Jones	9(10)	2(4)	-	-	-	12(13)	-	7(9)
Deborah Kelly	9(10)	3(4)	-	3(5)	6(7)	8(13)	5(6)	-
Jon Scott^^	4(5)	2(2)	-	-	2(3)	5(6)	1(2)	-
David Stacey	10(10)	3(4)	-	5(5)	-	13(13)	-	7(9)
Michelle Westwood~	4(4)	1(4)	-	-	3(3)	-	2(2)	-
* Richard Crompton – commenced 01.08.22								
**Sally Taylor – left 31.12.22								
***Siân Walker-McAllister – commenced 01.09.22								
#Judy Falcão – left 11.07.22								
##Sheridan Flavin – commenced 12.07.22, left 26.11.22								
^John Harrison – left his role as Chief Operating Officer on 17.10.22								
^^Jon Scott – commenced 18.10.22								
~Michelle Westwood – commenced 27.11.22								

Figures in brackets indicate the number of meetings the individual could be expected to attend by their membership of the Board or Committee. A dash indicates that the individual was not a member. 'C' denotes the Chair of the Board or Committee.

Performance of the Board and Board Committees

Members of the Board are subject to on-going and regular performance appraisal. The Chief Executive appraises individual Executive Directors. Non-Executive Directors and the Chief Executive are appraised by the Chairman. The Chairman was appraised by the Senior Independent Director for 2022/23 in accordance with the guidance issued by NHSE 'Framework for conducting annual appraisals of NHS provider chairs'.

The outcome of these appraisal processes was presented to the governors' Nominations and Appointments Committee and confirmed with the Council of Governors. Confirmation of the process undertaken in respect of the Chairman's appraisal has been submitted to the NHSE in accordance with the aforementioned guidance.

The Board of Directors undertakes a regular self-assessment of its performance to establish whether it has adequately and effectively discharged its role, functions, and duties.

For the reporting period, the Board's performance, considering the role, function, and work of the Board Committees, was of the requisite standard. The Board believes that it is balanced

and complete in its composition and appropriate to the requirements of the organisation. This was attributed to the comprehensive annual cycle of reporting, a robust Board assurance framework and risk register, and a development plan undertaken under the guidance of the Chair and Trust Secretary.

The findings of the internal audit, combined with the Head of Internal Audit Opinion set out in the Annual Governance Statement, support the Board's conclusion.

Similar assessment exercises were undertaken for each of the Committees of the Board, all of which were considered to have fully discharged the duties set out in their terms of reference.

The Council of Governors

The Council of Governors is responsible for discharging the general duties set out in legislation which are:

- to hold the Non-Executive Directors individually and collectively to account for the performance of the Board of Directors
- to represent the interests of the members of the organisation as a whole and the interests of the public.

The Council of Governors discharged its statutory duties as set in the NHS Code of Governance supported through its sub-committees and working groups.

It remains the responsibility of the Board of Directors to design and implement the organisational strategy. The Council of Governors and the Board of Directors communicate principally through the Chairman who is the formal conduit and Chairman of the two bodies. This relationship is formally extended and augmented by governors and directors' participation in Board to Council meetings to ensure constant and clear communication and co-operation between the Board and the Council of Governors. Additionally, directors regularly attend meetings of the Council of Governors. During the reporting year, hybrid meetings have taken place, both face to face and with delegates joining via MS Teams.

The Board of Directors may request the Chairman to seek the views of the Council of Governors on any matters it may determine. Communications and consultations between the Council of Governors and the Board include, but are not limited to the following topics:

- our annual plan
- the Board's strategic proposals
- clinical and service priorities
- proposals for new capital developments
- engagement of our membership and the public.

The Board of Directors presents the Annual Accounts, Annual Report and Auditor's Report to the Council of Governors.

Detailed information on the composition of our Council of Governors can be found in the tables overleaf.

Public constituencies			
Name	Constituency	Tenure	CoG Attendance
Dave Cawley	South Hams and Plymouth	Elected – 01 March 2022	3 (4)
Craig Davidson	South Hams and Plymouth	Re-elected – 01 March 2022	3 (4)
Val Browning	South Hams and Plymouth	Elected - 01 March 2023	0 (0)
*Jean Thomas	Teignbridge	Elected – 01 March 2021	4 (4)
Loveday Densham	Torbay	Elected – 01 March 2021	4 (4)
Steven Harden	Torbay	Elected – 01 March 2020 (Did not stand for re-election – completed term of office on 28.02.2023)	2 (4)
Eileen Engelmann	Teignbridge	Re-elected – 01 March 2022	4 (4)
Annie Hall	Teignbridge	Re-elected – 01 March 2022	3 (4)
Michael James	Teignbridge	Re-elected – 01 March 2022	1 (4)
John Smith	Teignbridge	Re-elected – 01 March 2022	3 (4)
Jan Goodman	Teignbridge	Elected – 01 March 2023 Resigned – 01 August 2022	1 (1)
Andrew Postlethwaite	Teignbridge	Elected – 01 March 2023	0 (0)
James Hartley	Teignbridge	Elected – 01 March 2023	0 (0)
*Andrew Stilliard	Torbay	Elected – 01 March 2020 Re-elected – 01 March 2023	2 (4)
John Kiddey	Torbay	Elected – 01 March 2020 (Stood but was not re-elected in 2023 round of elections, however took over the remaining term left vacant by Mark Tyrell-Smith as the candidate with the next highest number of votes)	4 (4)
Keith Yelland	Torbay	Elected – 01 March 2021	3 (4)
Mark Tyrrell-Smith	Torbay	Elected 01 March 2021 Resigned – 10 June 2021 (moved out of Teignbridge consistency) Re-elected 01 March 2022 Resigned – 28 February 2023	4 (4)
Peter Milford	Torbay	Elected – 01 March 2022	4 (4)
Alison Ramon	Torbay	Elected – 01 March 2023	0 (0)
Lee Thomas	Torbay	Elected – 01 March 2023	0 (0)
*Appointed 04 May 2022: Lead Governor, Jean Thomas, Deputy Lead Governor Andrew Stilliard			

Staff-elected governors (staff constituency), six representatives (two vacancies)			
Name	Class	Tenure	CoG Attendance
Matthew Giles (Nee Arthur)	Paignton and Brixham ISU	Elected – 01 March 2021	1 (4)
Emily Wood (Nee Huggins)	Trustwide Operations and Corporate Services ISU	Elected – 01 March 2021	2 (4)
Radia Woodbridge	Moor to Sea ISU	Elected – 01 March 2021	3 (4)
Sal Aziz	Torquay ISU	Elected – 01 March 2023	0 (0)
Johnathan Shribman	Newton Abbot ISU	Elected – 01 March 2023 (previously Governor for South Hams and Plymouth for one term)	2 (4)
Vacancy	Coastal ISU		
Deborrah Kelly	Torquay ISU	Elected – 01 March 2023 Resigned 18 October 2022	2 (2)

Appointed governors (partner organisations)			
Name	Organisation	Tenure	CoG Attendance
Derek Blackford	Devon CCG	Re-appointed – 01 April 2020	1(4)
Jonathan Hawkins	Devon County Council	Appointed – 14 May 2019	2 (4)
Nicole Amil	Torbay Council	Re-appointed – 01 October 2020	4(4)
Rosemary Rowe	South Hams District Council	Appointed – 25 July 2019 (did not stand for reappointment in local council elections)	3 (4)
Lorraine Evans	Teignbridge District Council	Appointed 18.06.2019 Resigned August 2022	0 (2)
Chrissie Thirwell	University of Exeter Medical School	Appointed 01 March 2023	0 (0)
Andrew MacGregor	Teignbridge District Council	Appointed 01 March 2023	0 (0)
Clare McAdam	South Hams District Council	Appointed 01 March 2023	0 (0)
Louise Winfield	Plymouth University Peninsula Schools of Medicine and Dentistry	Appointed 01 March 2023	0 (0)
Hilary Milner	Devon Carers	Appointed 01 March 2023	0 (0)

Governor elections

In order to refresh the Council of Governors and bring a diverse range of views into our organisation, elections are held every year. These elections are held in the various geographical or staff constituencies as set out in our constitution. During this year, the following elections were held with each member being offered a three-year term of office.

Constituency	Candidate	Result	Voting %
Torbay	Alison Ramon	Elected	16.1%
Torbay	Andrew Stilliard	Elected	
Teignbridge	James Hartley	Elected	13.6%
Teignbridge	Andrew Postlethwaite	Elected	
South Hams & Plymouth	Val Browing	Elected unopposed	N/A
Staff Governor (Newton Abbot ISU)	Jonathan Shribman	Elected unopposed	N/A
Staff Governor (Torquay ISU)	Sal Aziz	Elected unopposed	N/A

Governors' interests

Governors are required to disclose details of company directorships or other material interests which may conflict with their role as governors. Our membership office maintains a register of interests which is published on our website.

Committees of the Council of Governors

The Council of Governors has appointed one standing Committee and one working group. Further information on these can be found below.

Governors' Nomination and Remuneration Committee

The Governors' Nomination and Remuneration Committee is a formal Committee of the Council of Governors established in accordance with the NHS Act 2006, our constitution, and the NHS Foundation Trust Code of Governance for the purpose of carrying out the duties of governors with respect to appointments, remuneration and other terms of service of the Chairman and Non-Executive Directors. Its functions include:

- to receive advice as directed by the regulator and determine overall remuneration and terms and conditions of service for the Chairman and Non- Executive Directors
- to recommend to the Council of Governors the levels of remuneration and terms and conditions of service for Chairman and Non-Executive Directors
- to monitor the performance of the Non-Executive Directors through the Chairman
- to monitor the performance of the Chairman through the Senior Independent Director
- to undertake a periodic review of the numbers, structure, and composition (including the person specifications) of the Chairman and Non-Executive
- Directors, to reflect the expertise and experience required, and to make recommendations to the Council of Governors
- to develop succession plans for the Chairman and Non-Executive Directors, considering the size and composition of the organisation
- identify and nominate candidates to fill the Chairman and Non-Executive Director posts as they arise.

The Committee met eight times during the year to consider remuneration levels for Non-Executive Directors, re-appointment of the Chairman and Non-Executive Directors, determine the process for appraising the performance of the Chairman and Non-Executive Directors and reviewed the succession plan for Non-Executive Directors. In considering the remuneration levels and the performance appraisal process, the Committee took in to account the guidance issued by NHSE and ensured processes were in line with that guidance. The Committee also undertook a self-assessment of its effectiveness and reviewed its terms of reference.

Membership Committee

The Membership Committee is a formal Committee established in accordance with our constitution for monitoring, maintaining, and advancing the membership. Its primary purpose is:

- advice by offering advice and information to the Council of Governors on the community perception of our conduct of our healthcare provision
- recruitment by seeking to maintain the registered membership at its present level and to maintain under review means of achieving a representation of all sectors of the community
- information by promoting a series of seminars and events for members and members of the public, focusing on significant sectors of our work
- engagement by promoting communications to and from members.

The Committee continued to meet virtually during 2022/23, using MS Teams. Limited person and face-to-face engagement with members took place with email and social media being the primary means of communication and engagement in 2022/23.

Membership and meetings of the Council of Governors

Membership is free and aims to give local people and staff a greater influence over how our services are provided and developed. It also helps us to work much more closely with local people and the people who use our services. Our members have the chance to find out more about the hospitals, our community services, the way they are run and the challenges they face, and furthermore, help us work with local people to improve the care and experience of patients and their carers'.

We had 15,344 members as at 31 March 2023, split between 8, 128* public members and 7,216 staff members. The public constituencies of South Hams and Plymouth. Teignbridge, Torbay and Rest of the South West Peninsula comprised 967 members, 2,999 members, 4,058 member and one member, respectively. Public membership is open to people aged 14 or over and who live within our defined membership area. During the reporting year, a data cleanse exercise was undertaken which provided members with the opportunity to check and update the details we hold for them. All eligible staff automatically become staff members unless they choose to opt out. Staff are eligible for membership provided that they hold a permanent contract of employment with us or they have been employed by us on a temporary contract of 12 months or longer.

(*There is a discrepancy of 103 between the total number of public members and members in each public constituency. This is due to the constituency data being requested after the year end reflecting changes in membership numbers)

The Council of Governors met on a total of four occasions during 2022/23. In the reporting period, the majority Council of Governors meetings have been held virtually, via MS Teams. A virtual Annual Members' Meeting was held at which the Annual Report was presented to the governors by the Board.

During 2022/23 the Council of Governors held two formal meetings with our Board of Directors. Following a review of meetings as part of the Council of Governor's work to review its structure, supported by the Good Governance Institute, the decision was made to stand down formal Board to Council of Governors meetings. These have been replaced with informal bi-monthly 'Council of Governor Priorities' meetings, which Non-Executive and Executive Board members are invited to attend at the Governor's discretion depending on the matters being discussed.

Performance of the Council of Governors

The Council of Governors is required to undertake a regular self-assessment of its performance year to establish whether it has adequately and effectively discharged its role, functions, and duties during the preceding year. During 2022/23 the Council of Governors undertook a series of workshops, supported by the Good Governance Institute to improve the function of the Council and Governors. This included a self-assessment exercise. Following the workshops an action plan was developed and continues to be implemented.

NHS oversight framework

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

A segmentation decision indicates the scale and general nature of support needs, from no specific support needs (segment 1) to a requirement for mandated intensive support (segment 4). A segment does not determine specific support requirements. By default, all NHS organisations are allocated to segment 2 unless the criteria for moving into another segment are met. These criteria have two components:

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

b) additional considerations focused on the assessment of system leadership and behaviours, and improvement capability and capacity.

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

Segmentation

On 22nd November 2022, it was confirmed that we have now been placed into OF segment 4 from segment 3 and would therefore receive further bespoke mandated support. The reason for the segment 4 rating was our underlying financial deficit and operational performance improvement requirements.

In response to our segment four rating, we are developing a series of timebound and measurable performance obligations to exit segment 4. These have been agreed with ICB Devon and NHSE. Progress against the exit criteria is BEING regularly scrutinised through our governance processes and reported monthly to the system improvement and assurance group.

This segmentation information is the trust's position as at 28 June 2023. Current segmentation information for NHS trusts and foundation trusts is published on the NHS England website: https://www.england.nhs.uk/publication/nhs-system-oversight-framework-segmentation/.

Well Led

The Trust has due regard to the well-led framework in arriving at its overall evaluation of the organisation's performance, internal controls and board assurance framework. Its principles also underpin our strategy, approach to risk management and are utilised to review Board and Committee effectiveness. Greater detail of our approach with regard to clinical services can be found within our Quality Account 2022/23 and more broadly within this Annual Report; notably within the Performance Report and Governance Statements; which explore both our performance and governance framework more broadly.

During the reporting period 2022/23, we had no formal CQC inspections but continued to work in partnership with the CQC via our regular planned contact. This scheduled activity includes our monthly CQC meetings with our local inspector and inspection manager as well as the quarterly engagement meetings. These meetings have executive involvement and are a good vehicle for open discussion and sharing between ourselves and the CQC.

We also continued our audit and assurance work to ensure risk assessments were completed for each patient within 24 hours of admission to hospital and in line with our policy.

The audits also reviewed the documentation to ensure detailed, clear and up-to-date nursing records were recorded. as well as patients who required additional support with nutrition and hydration were quickly identified and appropriate actions taken.

We also ensured the results of the audits were reviewed and acted upon appropriately and reported on at an integrated service unit (ISU) level, as well as at the nutritional steering group and by exception to the quality improvement group.

Patient Care

Our Quality Goals, expanded upon within our Quality Account 2022/23 outlines our commitment and strategy for improved, personalised, patient care. Our Quality Goals for 2022/203 were:

Quality priority one: improve identification and management of sepsis
Quality priority two: improve compliance around patient risk assessments
Quality priority three: improved identification of deteriorating patient
Quality priority four: improved experience for people being discharged

Assessment of our progress and performance against these is referred to within the Performance report as well as being explored in more detail in our Quality Account 2022/23.

Stakeholder relations

In addition to our partnership working, we engage directly with other stakeholders including our patients, service users, carers, families, and the public to understand, listen and where possible adapt or change the services we offer and recognise the value of their ideas about these how services can be developed and improved.

Our Board of Directors recognises the importance of understanding the experiences of people who use our services and continues its commitment to receive a story regularly at Board meetings.

With such a large public membership, this allows the organisation to harness and utilise the experience of our members, who provide us with knowledgeable information. Our governors attend our Board sub-committee's as observers and patient representatives also attend important groups such as the patient feedback and engagement group, quality improvement group and mortality surveillance group, so that we can better understand the experiences and needs of people who use our services.

Information and feedback are received from many quarters including national surveys and local surveys. We resumed the Friends and Family Test and aim to resume real time inpatient experience survey soon which is led by our working with us volunteers and supported through clinical effectiveness and consultations. These provide a rich source of data and with the national surveys provide benchmark data we can use for comparisons. We also receive valuable ideas and suggestions from well-established patient pathways, social media and our patient and service user groups.

We also work with external organisations such as Healthwatch and seAp (a charity providing independent and confidential advocacy services), both of which help us hear the voices of people who use our services more clearly. We are committed to working in partnership to improve how we listen to, and use, people's experiences to improve our services.

The Council of Governors' Membership Committee, focusses on ensuring there is an ongoing dialogue with members and that we continue to develop the membership to make it as representative of the whole community as possible. Public membership at the end of March 2022 totalled 8,721 and 8,128 at the end of March 2023. Members of the public, living in any of the three public constituencies and aged over 14, are eligible to become members.

Other disclosures

Fees and charges (income generation)

Costs associated with fees and charges levied by the organisation are set out in note 5 to the annual accounts.

Income disclosures required by Section 43(2A) of the NHS Act 2006

As disclosed in the Foundation Trust's annual accounts, the Foundation Trust complies with the need to ensure that income from the provision of goods and services for health services in England is greater than its income from the provision of goods and services for any other purpose; Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012).

The other income that the Foundation Trust receives either fully covers the cost of those services or for income generating activities, profit is directly reinvested into the provision of health and social care.

Cost allocation and charging guidance

The Foundation Trust has complied with the cost allocation and charging guidance issued by HM Treasury and its regulators, NHS Improvement & NHS England.

Better payment code of practice

The Better Payment Practice Code requires the Foundation Trust to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later.

No payments were made during the year (2020/21: £Nil) under the Late Payment of Commercial Debts (Interest) Act 1998.

	2022/23		2021/22	
	Number	£000	Number	£000
Total Non-NHS trade invoices paid in the year	143,838	325,511	145,108	286,203
Total Non-NHS trade invoices paid within target	117,653	268,218	123,927	240,117
Percentage of Non-NHS trade invoices paid within target	82%	82%	85%	84%
Total NHS trade invoices paid in the year	1,849	31,540	2,093	26,773
Total NHS trade invoices paid within target	943	25,455	1,113	20,663
Percentage of NHS trade invoices paid within target	51%	81%	59%	77%

Counter fraud policies and procedures

We have a clear strategy for tackling fraud, corruption and bribery. This is documented in our counter fraud, bribery and corruption policy which details responsibilities and how to report suspicions of fraud, bribery or corruption.

We have a lead accredited Local Counter Fraud Specialist (LCFS) via consortium arrangements with ASW Assurance. In addition, we have a number of nominated support personnel from within the consortium that are able to support the organisation as required. The LCFS ensures risks are mitigated and systems are resilient to fraud, corruption and bribery. An annual counter fraud work plan is reviewed and approved by the Audit and Risk Committee.

The Deputy Chief Executive and Chief Finance Officer and the Audit Committee oversee the work of the LCFS. Reports on progress with delivery together with outlines of referrals received and investigations are regularly provided to the Audit Committee. The LCFS also highlights to the Committee any issues that have arisen so that appropriate action can be taken.

The program of counter fraud work was delivered in 2022/23 addressing all components of the Government Functional Standard GovS 013: Counter Fraud and NHS Counter Fraud Authority strategy. The LCFS develops and maintains key relationships across the organisation and this, coupled with the work undertaken by the LCFS, has resulted in the development of a strong anti-fraud culture.

Cost allocation and charging guidance

The Foundation Trust has complied with the cost allocation and charging guidance issued by HM Treasury and its regulators, NHS Improvement and NHS England.

Accessible Information Standard

Making health and social care information accessible

From 01 August 2016 onwards, all organisations that provide NHS care and/or publicly-funded adult social care are legally required to follow the Accessible Information Standard. The Standard sets out a specific, consistent approach to identifying, recording, flagging, sharing and meeting the information and communication support needs of patients, service users, carers and parents with a disability, impairment or sensory loss.

Healthwatch in Devon, Plymouth, and Torbay is the independent consumer champion for health and social care services, ensuring the voice of the community is used to influence and improve services for local people. They worked with the local deaf community and undertook an independent review of NHS services across Devon to ascertain how accessible their services were to them. They provided recommendations and suggestions for improvement and in response an action plan is being developed which will entail collaboration with the deaf community and other key partners.

Statement as to Disclosure to Auditors (s418)

- The Board of Directors reports that for everyone who is a director at the time this report is approved: as far as the director is aware, there is no relevant audit information of which our auditor is unaware
- the director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that our auditor is aware of that information.
- Relevant audit information' means information needed by our auditor in connection with preparing their report. A director is regarded as having taken all the steps that they ought to have taken as a director to do the things mentioned above, and:
- made such enquiries of their fellow directors and of the corporation's auditors for that purpose
- taken such other steps (if any) for that purpose, as are required by their duty as a director of the company to exercise reasonable care, skill, and diligence.

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 other stakeholders to assess the organisation's performance, business model and strategy.

Liz Davenport
Chief Executive
28 June 2023

PART III – REMUNERATION REPORT

Salary and pension entitlements of senior managers as at 31 March 2023 (audited information)

	2021-22						2022-23					
	Salary	Expense Payments (taxable)	Annual Performance Pay and Bonuses	Long-term Performance Pay and Bonuses	All Pension Related Benefits	Total	Salary	Expense Payments (taxable)	Annual Performance Pay and Bonuses	Long-term Performance Pay and Bonuses	All Pension Related Benefits	Total
	(bands of £5,000)	(to nearest £100)	(bands of £5,000)	(bands of £5,000)	(bands of £2,500)	(bands of £5,000)	(bands of £5,000)	(to nearest £100)	(bands of £5,000)	(bands of £5,000)	(bands of £2,500)	(bands of £5,000)
Name and Title	£000	£	£000	£000	£000	£000	£000	£	£000	£000	£000	£000
Mrs L Davenport Chief Executive	190-195	0	0	0	60-62.5	250-255	200-205	0	0	0	70-72.5	270-275
Mr D Stacey Chief Finance Officer and Deputy Chief Executive	150-155	0	0	0	47.5-50	200-205	160-165	0	0	0	0	160-165
Dr R G Dyer Deputy Chief Executive (retired 05th July 2021)	55-60	0	0	0	0	55-60						
Mr I Currie Executive Medical Director	210-215	0	0	0	247.5-250	460-465	220-225	0	0	0	310-312.5	525-530
Ms D Kelly Chief Nurse	125-130	0	0	0	0	125-130	130-135	0	0	0	0	130-135
Ms A Jones Director of Transformation and Partnerships	120-125	0	0	0	5.0-7.5	130-135	125-130	0	0	0	30-32.5	160-165
Mrs J Falcão Director of Workforce and Organisational Development (retired 11th July 2022)	120-125	0	0	0	35-37.5	155-160	30-35	0	0	0	5.0-7.5	35-40
Mr J Harrison Chief Operating Officer (executive duties ceased 17th October 2022)	125-130	0	0	0	55-57.5	180-185	65-70	0	0	0	0	65-70
Dr J Watson Health and Care Strategy Director	170-175	0	0	0	112.5-115	285-290	170-175	0	0	0	40-42.5	210-215
Mrs E Long Director of Corporate Governance and Trust Secretary	35-40	0	0	0	10-12.5	45-50	25-30	0	0	0	27.5-30	50-55
Mr O Raheem Interim Director of Corporate Governance and Trust Secretary (left 14th February 2023)	10-15	0	0	0	7.5-10	20-25	75-80	0	0	0	25-30	105-110
Mr J Scott Interim Chief Operating Officer (appointed 03rd October 2022)							150-155	3,100	0	0	0	150-155
Ms ST Flavin Interim Chief People Officer (appointed 07th June 2022, left 02nd December 2022)							95-100	0	0	0	0	95-100
Dr M Westwood Chief People Officer (appointed 01st November 2022)							50-55	0	0	0	7.5-10	55-60

Sir R Ibbotson Non-Executive Chairman	50-55	1,000	0	0		50-55	50-55	2,500	0	0		50-55
Mrs S Taylor Vice Chair / Non- Executive Director (retired 31st December 2022)	15-20	0	0	0		15-20	10-15	0	0	0		10-15
Mrs J Lyttle Non-Executive Director and Senior Independent Director (SID until 31st December 2022)	10-15	0	0	0		10-15	15-20	0	0	0		15-20
Mr J Welch Non-Executive Director (Retired 30th September 2021)	5-10	0	0	0		5-10						
Mr R Sutton Non-Executive Director	10-15	0	0	0		10-15	10-15	0	0	0		10-15
Mr P Richards Non-Executive Director	10-15	0	0	0		10-15	10-15	0	0	0		10-15
Mrs V Matthews Non-Executive Director	10-15	0	0	0		10-15	10-15	0	0	0		10-15
Prof C Balch Non-Executive Director	10-15	0	0	0		10-15	10-15	0	0	0		10-15
Dr S Wollaston Non-Executive Director (commenced 0**1 October 2021**, left 29th November 2021)	0-5	0	0	0		0-5						
Mr R Crompton Non-Executive Director (appointed 01st August 2022)							5-10	0	0	0		5-10
Ms S Walker- McAllister Non-Executive Director (Appointed 01st September 2022)							5-10	0	0	0		5-10
Dr P Aitken Associate Non-Executive Director (appointed 01st January 2023)							0.0-5.0	0	0	0		0.0-5.0

Notes:
Dr P Aitken was appointed on 01st January 2023
Mr R Crompton was appointed on 01st August 2022
Dr R G Dyer retired on 05th July 2021.
Dr J Watson's remuneration is inclusive of clinical, operational as well as Trust Board duties.
Mr O Raheem was appointed on 15th February 2022 as Interim Director of Corporate Governance and Trust Secretary, and left the Trust on 14th February 2023.
Ms J Falcão retired on 11th July 2022.
Ms S Flavin was appointed as Interim Chief People Officer on 07th June 2022 and left on 02nd December 2022.
Dr M Westwood was appointed on 01st November 2022 as Chief People Officer.
Mr J Harrison's Executive duties ceased on 17th October 2022.

Page 63 refers to managers who are paid more than £142,000 per annum (not including pension related benefits)
Mr J Scott was appointed on the 03rd October 2022 as Interim Chief Operating Officer.
Mrs S Taylor retired on 31st December 2022
Mrs Siân Walker-McAllister was appointed on 01st September 2022
Mr J Welch retired on 30th September 2021
Mrs Emily Long (on maternity leave February 2022 to February 2023).
Dr S Wollaston was appointed on 01st October 2021 but left on 29th November 2021 to take up another NHS appointment.
The following have opted out of the pension scheme: Ms D Kelly before joining the trust, Mr J Scott and Ms S Flavin.
The taxable benefits are in respect of travel expenses that are subject to income tax. None of the Directors received any annual or long-term performance-related benefits.

Pension benefits as at 31 March 2023 (audited information)

Name and title	Real increase in pension at pension age (bands of £2,500) £000	Real increase in pension lump sum at pension age (bands of £2,500) £000	Total accrued pension at pension age at 31 March 2022 (bands of £5,000) £000	Lump sum at pension age related to accrued pension at 31 March 2022 (bands of £5,000) £000	Cash Equivalent Transfer Value at 1 April 2021 £000	Real Increase / (Decrease) in Cash Equivalent Transfer Value £000	Cash Equivalent Transfer Value at 31 March 2022 £000	Employers Contribution to Stakeholder Pension (to nearest £100) £000
Mrs L Davenport Chief Executive	2.5-5.0	0.0-2.5	90-95	200-205	1,779	**91**	1,954	0
Mr I Currie Executive Medical Director	15-17.5	32.5-35	100-105	275-280	2,013	**0**	158*	0
Mr D Stacey Chief Finance Officer and Deputy Chief Executive	0.0-2.5	0	20-25	0	202	**0**	212	0
Ms A Jones Director of Transformation and Partnerships	2.0-2.5	0.0-2.5	40-45	65-70	582	**26**	643	0
Mrs J Falcão Director of Workforce and Organisational Development (retired 11 July 2022)	0.0-2.5	0	50-55	105-110	980	**0**	823**	0
Mr J Harrison Chief Operating Officer (Executive duties ceased 17 October 2022)	0-2.5	0	40-45	80-85	764	**0**	811	0
Mrs E Long Director of Corporate Governance and Trust Secretary	0-2.5	0	0-5.0	0	7	**10**	21	0
Mr O Raheem Interim Director of Corporate Governance and Trust Secretary	0-2.5	0	0-5.0	0	8	**12**	31	0
Dr M Westwood Chief People Officer (appointed 1st November 2022)	0-2.5	0	0-5.0	0	0	**1**	8	0
Dr J Watson Health and Care Strategy Director	2.5-5.0	0-2.5	65-70	130-135	1,227	**55**	1,337	0

*Mr I Currie CETV not required to be disclosed.
**Mrs J Falcão retired on 055th July 2021. At which point the pension began to be drawn. Accordingly, the CETV of Mrs Falcão's pension at 31 March 2023 is not available
***Mrs Emily Long (on maternity leave February 2022 to February 2023).

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

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued because 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 from 2005/06 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member because of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with SI 2008 No.1050 Occupational Pension Schemes (Transfer Values) Regulations2008.

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

On 16 March 2016, the Chancellor of the Exchequer announced a change in the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate from 3.0 per cent to 2.8 per cent. This rate affects the calculation of CETV figures in this report.

Due to the lead time required to perform calculations and prepare annual reports, the CETV figures quoted in this report for members of the NHS Pension scheme are based on the previous discount rate and have not been recalculated.

NHS Pensions are still assessing the impact of the McCloud judgement in relation to changes to benefits in the NHS 2015 Scheme. The benefits and related CETVs disclosed do not allow for any potential future adjustments that may arise from this judgement.

Annual Statement on Remuneration

There have been no changes to the remuneration policy for senior managers during the year.

For Executive Directors there are no arrangements relating to termination payments other than the application of employment contract law. No termination payments have been made to either present or past senior managers within 2022/23.

The Non-Executive Directors Nomination and Remuneration Committee (the Committee), whose function it is to decide pay for Executive Directors conduct a review of executive salaries each year.

During the year ending 31 March 2023, four senior managers (Chief Executive, CFO & Deputy Chief Executive, Medical Director and the Health & Care Strategy Director (including payment for role as a Consultant) were paid more than £142,500. The steps outlined above provides the Non-Executive Nominations and Remuneration

Committee with assurance that the remuneration level is reasonable and linked appropriately to the weight of the role based on accountability, job responsibilities and the knowledge and skills required for each of those positions.

Remuneration is set in accordance with NHS Agenda for Change for all staff other than doctors and directors. Pay and conditions of service for doctors is agreed nationally.

Senior managers' remuneration policy

The remuneration package for senior managers consists of the following factors:

Item	Rationale
Salary	Our strategy and business planning process set the key business objectives of our organisation which are delivered by the senior managers. This success measure is one of the ways in which the senior managers' performance is monitored. Senior managers' remuneration is based on market rates and there are no automatic salary rises. To ensure that the pay and terms of service offered by the organisation are both reasonable and competitive, comparisons are made between the scale and scope of responsibilities of our senior managers and those of employees holding similar roles in other organisations. A report is prepared for the Non-Executive Nominations and Remuneration Committee by the Chief People Officer, which makes these comparisons between our remuneration rates for senior managers and market rates. The base salaries of Executive Directors in post at the start of the policy period and who remain in the same role throughout the policy period will not usually be increased by a higher percentage than the maximum incremental uplift applicable to the highest paid staff on Agenda for Change. The only exceptions are where an Executive Director has been appointed at below market level to reflect experience. Senior managers are paid spot level salaries rather than on an incremental scale and may collectively receive an annual uplift in salary in line with '*Guidance on pay for very senior managers'* issued by NHSEI.
	All senior managers' remuneration is subject to satisfactory performance of duties in line with their employment. There are no performance related pay so senior managers receive one hundred per cent of their salary subject to the relevant deductions.
Taxable benefits	The Non-Executive Nominations and Remuneration Committee agree any taxable benefit. This forms part of the recruitment and retention of senior managers by ensuring that we remain competitive. There is no maximum amount payable.
Pension	Standard pension arrangements are in place in 2022/23. This forms part of the recruitment and retention of senior managers by ensuring that we remain competitive There is no maximum amount payable.
Bonus	There is no bonus scheme for any senior manager, however bonus payments may be made on a discretionary basis subject to approval by the Non-Executive Nominations and Remuneration Committee. All other staff, except the senior management team at Torbay Pharmaceuticals, are subject to Agenda for Change pay rates, terms and conditions of service, which are determined nationally.
Other	Individual items such as lease cars are not offered as part of a remuneration package. Board level directors may, however, put forward an individual request in respect of such items. Senior managers' terms and conditions e.g. holidays, pensions, sick pay are in accordance with Agenda for Change terms and conditions.

Senior manager's objectives and performance

Senior managers meet annually with the Chief Executive to agree core and individual performance objectives and subsequently meet with the Chief Executive monthly to discuss the progress made towards the targets set. A formal interim progress review is held six months after the objectives are set, a final review of performance and achievement of objectives is held at the end of the year, when objectives for the following year are also discussed and agreed.

The Chief Executive's performance is appraised using the same system, but their performance objectives are agreed with and monitored by the Chairman. This process was designed to ensure that clearly defined and measurable performance objectives are agreed, and progress towards these objectives is regularly and openly monitored, both formally and informally.

The Chief Executive presents an assurance report to the Committee each year outlining the appraisal process undertaken. The Committee also receives a summary report on the performance of each of the Executive Directors and Associate Directors and a recommendation in respect of any proposed changes to remuneration levels. The Chairman adheres to the same process in regard to the Chief Executive.

Remuneration of Executive Directors and other employees

When setting remuneration levels for the Executive Directors, the Nominations and Remuneration Committee considers the prevailing market conditions, the competitive environment (in particular through comparison with the remuneration of executives at other Foundation Trusts of a similar size and complexity) and the positioning and relativities of pay and employment conditions across the broader organisational workforce.

In particular, the Nominations and Remuneration Committee considers the recommendations of the NHS Pay Review Body and the Review Body on Doctors' and Dentists' Remuneration as reflecting most closely the economic environment encountered by Executive Directors. We do not consult more widely with employees on such senior managers' remuneration matters.

Annual Report on remuneration

Service contracts

The following table shows for each person who was an Executive or Associate Director or Non-Executive Director as at 31 March 2023, the commencement date for their current position and the term of service agreement or contract for services and details of notice periods.

Director	Status	Contract start date	Contract term (years)	Unexpired term as at July 2023	Notice period by the organisation	Notice period by the director
Mr I Currie	Executive Board member	14.09.2020	Indefinite terms	Not applicable	Three months	Three months
Ms L Davenport	Executive Board member	01.10.2018	Indefinite term	Not applicable	*	Six months
Mrs A Jones	Executive Board member	22.07.2019	Indefinite term	Not applicable	Three months	Three months
Ms D Kelly	Executive Board member	01.08.2020	Indefinite term	Not applicable	Three months	Three months
Mr J Scott**	Executive Board member	18.10.2022	30.09.2023	Not applicable	24 hours	24 hours
Mr D Stacey	Executive Board member	06.01.2019	Indefinite term	Not applicable	Three months	Three months
Dr J Watson	Executive Board member (non-voting)	01.02.2020	Indefinite term	Not applicable	Three months	Three months
Mrs E Long	Executive Board member & Trust Secretary (non-voting)	01.11.2021	Indefinite term	Not applicable	Three months	Three months
Dr M Westwood	Executive Board member	27.11.2022	Indefinite term	Not applicable	Three months	Three months
Sir Richard Ibbotson	Chairman & Non-Executive Board Member	01.06.2021	1 year***	11 months	Three months	Three months
Mr C Balch	Non-Executive Board Member	14.04.2022	3 years	1 year and 8 months	Three months	Three months
Mrs J Lyttle	Non-Executive Board Member	30.09.2020	1 year****	2 months	Three months	Three months
Mrs V Matthews	Non-Executive Board Member	01.12.2020	3 years	4 months	Three months	Three months
Mr P Richards	Non-Executive Board Member	13.11.2020	3 years	5 months	Three months	Three months
Mr R Sutton	Non-Executive Board Member	01.05.2022	1 year *****	9 months	Three months	Three months
Mrs S Walker-McAllister	Non-Executive Board Member	01.09.2022	3 years	2 years and 2 months	Three months	Three months
Mr R Crompton	Non-Executive Board Member	01.08.2022	3 years	2 years and 1 month	Three months	Three months
Mr P Aitken	Associate Non-Executive Board Member (non-voting)	01.01.2023	2 years	1 year and 6 months	Three months	Three months

Notes:
*as per statutory notice period i.e. one week for each year of employment up to a maximum of 12 weeks
** Mr J Scott is employed on an ongoing interim capacity on a bank contract of employment
***Sir Richard Ibbotson re-appointed for a fourth one-year term following two terms of office of three years
**** Mrs J Lyttle re-appointed for a third one-year term following two terms of office of three years.
***** Mr Sutton re-appointed for a second one-year term following two terms of office of three years
****** Mrs E Long, Maternity leave February 2022 – February 2023
Unless noted above, these officers have been in post throughout 2022/23

Service contracts

As described above, senior managers contracts are open-ended (permanent) contracts. Non-Executive Directors serve terms of three years, up to a maximum of six years. The Council of Governors will consider and set terms of office for Non-Executive Directors beyond that point that meet the needs of the organisation, taking into account NHSE guidance and the NHS Code of Governance. Terms beyond that point should be set on an annual basis. Further details about the terms of office of each individual Non-Executive Director can be found in the Director's report within this annual report and accounts.

Remuneration Committee Memberships and Meetings

Membership and details of meetings attendance can be found at page 66 of this report.

We have established two Committees responsible for the remuneration, appointments and nominations of directors. A description of the Committee responsible for Non-Executive Director remuneration can be found in the section 'Committees of the Council of Governors'. The Committee responsible for the remuneration of Executive Directors is described below.

The role of the Non-Executive Nominations and Remuneration Committee

The Non-Executive Nominations and Remuneration Committee ('the Committee') advises the Board on matters regarding the remuneration and terms of service for Executive Directors and senior managers. The Committee is established for the

purpose of overseeing the recruitment and selection process for Executive Directors and Associate Directors i.e. senior managers, and the appointment of formal Board positions, for example the Senior Independent Director. The Committee's second purpose is to determine the remuneration and terms of service of Executive Directors and Associate Directors.

The term 'senior managers' covers our employees in senior positions, who have authority and responsibility for directing and controlling major organisational activities. These employees influence the decisions of the entire organisation, meaning that the definition covers the Chief Executive and Board-level directors.

The advice offered covers all aspects of salary, including performance-related pay and bonuses, as applicable, pensions, provision of cars, insurance, and other benefits. Advice on arrangements for termination of contracts and other general contractual terms also falls within the remit of the Committee. Specifically, the Committee is charged with:

- advising on appropriate contracts of employment, including remuneration, for senior managers
- monitoring and evaluating the performance of individual senior managers
- making recommendations regarding the award of performance-related pay, based on both the organisation's performance and the performance of individuals
- advising on the proper calculation of any termination payments.

The Committee is empowered to obtain independent advice as it considers necessary. At all times, it must have regard to our performance and national arrangements for pay and terms of service for senior managers.

The Committee meets several times a year, to enable it to make its recommendations to the Board. It formally reports to the Board, explaining its recommendations and the basis for the decisions it makes.

The Committee's membership did not change during the year remained the Chairman, Vice-Chair, Senior Independent Director and the Chair of the People Committee. The Chief Executive and other senior managers should not be present when the Committee meets to discuss their individual remuneration and terms of service but may attend by invitation from the Committee to discuss other staff's terms. Accordingly, the Chief Executive and the Chief People Officer attend the Committee when required. The Trust Secretary attends the Committee in an advisory capacity.

Chairman and Non-Executive Director remuneration

The Chairman's and Non-Executive Director's remuneration is overseen by the Governors' Nominations and Remuneration Committee ('Committee') as outlined in the Accountability Report 'Committees of the Council of Governors' section.

The Committee makes recommendations to the Council of Governors on the Non-Executive Directors and Chairman's remuneration levels, noting the NHSE guidance as published from time to time. The Chairman and Non-Executive Directors receive spot level remuneration but can claim reasonable expenses, for example travel expenses, as per other employees.

A review of remuneration levels applicable to Non-Executive Directors and the Chairman was undertaken during the year. The Committee was cognisant of the new remuneration framework and took the decision to maintain current levels of remuneration. Some Non-Executive Directors receive an additional one-off responsibility allowance based on Board positions held. No uplift in responsibility allowances was made during 2022/23.

The remuneration package for the Chairman and other Non-Executive Directors is made up of:

Item	Rationale
Remuneration	£51,000 per annum for the Non-Executive Chairman - three days per week
Remuneration	£13,500 per annum for all other Non-Executive Directors - three days per month
Remuneration	Additional responsibility allowance of £3,000 for the Chair of the Audit Committee
Remuneration	Additional responsibility allowance of £1,500 given to the Senior Independent Director (SID)
Remuneration	Additional responsibility allowance of £1,000 given to the Vice Chair
Expenses	Chairman and Non-Executive Director mileage rates are aligned with latest guidance: 56p per mile for the first 3,500 miles reducing to 20p per mile thereafter. All other expenses remain in line with organisational policy.

Governors' expenses

Governors may be reimbursed for legitimate expenses, incurred during their official duties, as governors of the Torbay and South Devon NHS Foundation Trust.

During the financial year, Governors were paid expenses to reimburse costs incurred while attending meetings of the Foundation Trust and at external training and development events.

	31 March 2022	31 March 2023
Number of Governors in office	26	31
Number of Governors receiving expenses	1	3
Total expenses paid to Governors	£18.00	£260.20

Note: Due to the COVID-19 pandemic very few face to face meetings were held in 2021/22, hence the unusually low level of expenses paid to governors in that year.

Fair pay multiple (audited information)

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 in Torbay and South Devon NHS Foundation Trust in the financial year 2022/23 was £360,000 - £365,000 (2021/22, £210,000 - £215,000). This was 10.9 times (2021/22, 6.8) the median remuneration of the workforce, which was £32,919 (2021/22, £31,534).

The increase in ratio from 6.8 to 10.9 in 2022/23, is due to a change in highest paid director and a salary increase in comparison to the previous highest paid director in 2021/22. The current highest paid director is the Interim Chief Operating Officer who is employed on a fixed term contract to fill a short notice vacancy. The Trust has required to temporarily extend this contract following an unsuccessful first recruitment round.

In 2022/23, 0 (2021/22, 3) employees received remuneration in excess of the highest-paid director.

Remuneration ranged from £20,270 to £360,000 (2021/22, £18,546 - £262,188).

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

The median calculation is based on the full-time equivalent staff of the Foundation Trust at the reporting period end date on an annualised basis.

Fair pay multiple (audited information) – 25th and 75th Percentile

NHS foundation trusts are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the organisation in the financial year 2022/23 was £360,000 - £365,000 (2021/22, £210,000 - £215,000).

The relationship to the remuneration of the organisation's workforce is disclosed in the table overleaf.

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

For employees of the trust as a whole, remuneration ranged from £20,270 to £360,000 in 2022/23 (2021/22, £18,546 to £262,188).

The percentage change in average employee remuneration (based on total for all employees on an annualised basis divided by full time equivalent number of employees) between years is 2%.

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

	2022/23			2021/22		
	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
Salary component of pay	£23,177	£32,919	£41,659	£21,777	£31,534	£39,042
Total pay and benefits excluding pension	£23,177	£32,919	£41,659	£21,777	£31,534	£39,042
Total pay and benefits excluding pension: pay ratio for highest paid director	15.5:1	10.9:1	8.6:1	9.8:1	6.7:1	5.4:1

Definition of 'senior managers'

The definition of 'senior managers' is 'those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS Foundation Trust'. This includes the Chief Executive, Chairman, Executive, Associate and Non-Executive Directors. This definition covers all those who hold or have held office as Chairman, Non-Executive Director, Executive Director, or Associate Director of the organisation during the reporting year. It is irrelevant that:

- an individual was not substantively appointed (holding office is sufficient, irrespective of defects in appointment)
- an individual's title as director included a prefix such as 'interim, acting, temporary or alternate'
- an individual was engaged via a corporate body, such as an agency, and payments were made to that corporate body rather than to the individual directly.

Policy on payment for loss of office for senior managers

Senior managers are employed on substantive contracts of employment and are employees of the organisation. Their contracts are open-ended employment contracts which can be terminated by either party by giving notice in accordance with their individual service contract.

Our normal disciplinary policy applies to senior managers, including the sanction of instant dismissal for gross misconduct. Our redundancy policy is consistent with the NHS redundancy terms for all staff.

This concludes the Renumeration Report for 2022/2023.

Liz Davenport
Chief Executive
28 June 2023

PART IV – Staff report

Analysis of staff costs (audited information)

The Foundation Trust is required to provide an analysis of staff costs, in categories defined in the NHS Information Centre's Occupational Code Manual. This analysis distinguishes between 'permanently employed' and 'other staff'.

	2022/23			2021/22		
	Total	Permanently employed	Other	Total	Permanently employed	Other
	£000s	£000s	£000s	£000s	£000s	£000s
Salaries and wages	263,711	263,257	454	232,433	231,436	997
Social security costs	24,679	24,679	-	21,588	21,588	-
Apprenticeship levy	1,208	1,208	-	1,125	1,125	-
Employer's contributions to NHS pensions	29,588	29,588	-	27,827	27,827	-
Pension cost – Employer contributions paid by NHSE/ NHSI on Trust's behalf (6.3%)	12,985	12,985	-	12,199	12,199	-
Pension cost - other	59	59	-	50	50	-
Temporary staff	14,513	-	14,513	13,247	-	13,247
Total staff costs	**346,743**	**331,776**	**14,967**	**308,469**	**294,225**	**14,244**
Of which: Costs capitalised as part of assets	3,373	3,373	-	2,608	2,608	-

We incurred £376,000 (2021/22 £85,000) in respect of other post-employment benefits, other employment benefits, or termination benefits. We did not second any staff in either year to other organisations, instead where staff were supplied to other organisations we generated an income from this service.

Analysis of worked full time equivalents (FTEs) (audited information)

We are required to provide an analysis of average staff numbers, in categories defined in the NHS Information Centre's Occupational Code Manual. This analysis distinguishes between 'permanently employed' and 'other' staff.

The average number of employees is calculated as the whole-time equivalent number of employees under contract of service in each week in the financial year, divided by the number of weeks in the financial year. The "contracted hours" method of calculating whole time equivalent number is used, that is, dividing the contracted hours of each employee by the standard working hours. Staff on outward secondment are not included in the average number of employees.

NHSI Staff Group	2022/23			2021/22
	Total	*Of which permanently employed*	*Of which other*	**Total**
Allied Health Professionals	**517**	*506*	*11*	**523**
Health Care Scientists	**93**	*92*	*1*	**93**
Medical and Dental	**566**	*1,115*	*47*	**574**
NHS Infrastructure Support	**1,162**	*273*	*293*	**1,151**
Other Scientific, Therapeutic and Technical Staff	**345**	*327*	*18*	**348**
Registered Ambulance Service Staff	**11**	*11*	*0*	**10**
Registered Nursing, Midwifery and Health Visiting Staff	**1,348**	*1,318*	*31*	**1,292**
Support to Clinical Staff	**1,973**	*1,840*	*133*	**1,897**
Total	**6,016**	***5,482***	***534***	**5,887**

** Figures as at 03 April 2023*

Analysis of sickness absence

We continue to develop the overall health and wellbeing of our people and our management of sickness absence. The sickness absence rate for 2022/23 compared to the previous five years is shown below. As was the case in the previous financial year, absence related to COVID-19 was a key contributor to the levels of sickness witnessed in the year.

Year	12 month sickness	Average FTE	FTE days available	FTE days lost to sickness	Average sickness absence duration (FTE days)
2017/18	4.09%	5,163	1,884,585	77,054	9.2
2018/19	4.23%	5,177	1,889,505	79,859	9.5
2019/20	4.45%	5,410	1,974,776	87,942	10.0
2020/21	4.02%	5,667	2,068,557	83,152	9.0
2021/22	5.02%	5,806	2,119,241	106,286	11.3
2022/23	5.27%	6,027	2,199,716	115,864	11.9

Note: Source: from the Electronic Staff Record (ESR)

- period covered: April 2022 to March 2023 (Data as at 03 April 2023)
- data items: ESR does not hold details of the planned working/non-working days for employees so days lost and days available are reported based upon a 365-day year
- the number of Full-Time Equivalent (FTE) days available has been taken directly from ESR. This has been converted to an average FTE in the third column by dividing by 365
- the number of FTE days lost to sickness absence has been taken directly from ESR
- the average number of sick days per FTE has been estimated by dividing the FTE days by the FTE days lost and multiplying by 225/365 to give the Cabinet Office measure. This figure is replicated on returns by dividing the adjusted FTE days lost by average FTE.

Analysis of staff turnover

Information showing our staff turnover data can be accessed via the following link to the NHS Digital website NHS workforce statistics - NHS Digital

Staff policies and actions applied during the year

We continue to be committed to providing an inclusive environment for our patients, staff and visitors. We believe in providing equity in our services, in treating people fairly with respect and dignity and in valuing diversity both as a health and care services provider and as an employer.

Our diversity and inclusion policy set out the responsibilities of the organisation, our staff and people who use our services. We actively promote a culture that values difference and recognises that people from different backgrounds and experiences bring valuable knowledge and insights to the workplace and enhances the way we work. We strive to be inclusive, to value, respect and embed diversity in all areas across the organisation. This will support us to recruit and retain a diverse workforce that reflects the communities we serve. Our diversity and inclusion policy afford equal protection to those who access our services, ensuring people are involved in their care and our workforce, ensuring our people have fair and equal opportunity.

We are committed to compliance with the Equality Act 2010, and as part of the subsequent Public Sector Equality Duty, we are dedicated to:

- eliminating discrimination
- promoting equality of opportunity
- fostering good relations.

All our policies continue to be subject to a rapid or full (E) quality impact assessment which aims to tackle discrimination or disadvantage at the outset.

Employability activity supports those who may experience disadvantage to find sustainable employment through experience-based work placements. We support a range of people to develop their employability skills in a safe environment through our work experience programmes, traineeships if appropriate, apprenticeships and eventually through securing employment. We have created a stronger local network with the voluntary sector and DWP to work together on improving access to employment.

We have also joined the disability confident initiative (this replaced the √√ (2 ticks) scheme) and we are a disability committed employer who aims to progress to level two disability confident status in 2023/24

One in three of our people are unpaid carers (source: National Staff Survey 2022) and during this year, we have enhanced our support for staff who are juggling working with caring for a family member or friend. It is now firmly embedded within wellbeing with our wellbeing buddies receiving training in carer awareness. Access to support has been made simpler and managers who support staff carers have recently been recognised at our annual our people celebration event..

We continue to be a ‘Mindful Employer’, supporting health and wellbeing at work and this work continues to be reflected within our people promise. The plan is reflective of the national priorities, integrated care system (ICS) and organisational priorities. During the year our health and wellbeing programmes have focused on:

- successfully delivering our winter COVID and Flu vaccination programme and delivering the spring booster COVID programme
- we have been allocated monies via Charities Together to support our people's wellbeing specifically for:
- mental health training for managers. We worked with a local charity to provide the training both face to face and via MS Teams
- the development and support of our wellbeing buddy community including mental health first aider training. We currently have 250 wellbeing buddies
- focused wellbeing activities for specific staff groups to support their mental health
- our dedicated wellbeing week which focused on ‘looking after me’
- in line with our developing just and learning culture we reviewed and updated the following policies:
- wellbeing at work
- mental health and wellbeing
- domestic abuse
- misuse of alcohol and substances
- establishing a cost of living group which works closely with other key stakeholders eg Torbay Council to understand the impact on our people and actions to support
- undertaking a review of wellbeing using the National Health and Wellbeing Framework diagnostic tool in conjunction with our people promise and EDS2 to identify our priorities for 2023/24.

We recognise that there may be times when our people experience episodes of poor health and wellbeing and this is reflected in our National Staff Survey results. We have policies in place to ensure our people

get the support and guidance and reasonable adjustments they need to assist them through this difficult time. Our occupational health service is focused on the safety, health and wellbeing of our staff, patients and visitors.

We offer a full range of occupational health services, which are available to all our people including the following:

- health promotion as well as health information and advice
- health surveillance for employees identified as ‘at risk
- workplace assessments
- immunisation programmes
- training and policy advice
- infection control including ‘needlestick hotline’
- baseline screening for new employees.

We have recently commissioned a new Employee Assistance Programme (EAP) that staff can access themselves for a range of issues they may wish to seek support for, including physical and mental health as well as financial wellbeing. We advertise and promote this service widely to our people.

Our corporate health and safety team moved into our Workplace Team (formerly known as estates and facilities management). In conjunction with our Health and Safety Committee and with other relevant stakeholders and teams, our corporate health and safety team continue to develop a cultural improvement plan for organisational safety which focusses on training, individual accountability and improved reporting of hazards. In that spirit, additional learning is being rolled out

across the organisation in the form of Institute of Safety and Health (IOSH) Managing Safely training for all line managers. National Examination Board in Occupational Safety and Health (NEBOS) environmental training has also been provided to key people across our services to enhance our environmental safety focus.

We manage health and safety through a series of steering groups and committees which are attended by clinical and non-clinical colleagues, as well as relevant external consultants and regulators. These include the health and safety committee, the fire safety group, the asbestos safety group and the water safety group.

The anonymous digital communication platform Work In Confidence has been launched by our Freedom to Speak Up Guardian to give staff an alternative route to Speak Up. This enables our people to have a conversation with the Guardian without identifying themselves, this is proving successful and is being used both by individuals and teams. The platform is also being used to undertake anonymous surveys where concerns have been raised. This gives a temperature check and an opportunity for sharing experiences confidentially. The survey results are then shared with line managers to develop an appropriate action plan to help resolve the concerns, Proactive work to raise awareness through film, interactive platforms and face to face sessions continues as well as reactive work supporting both staff and managers in resolving concerns. The new national Freedom to Speak Up Policy will be launched alongside the new Patient Safety Incident Response Framework later in 2023.

Our Equality Business Forum (EBF) continues to provide the leadership for our network groups which include our disability network and our lesbian, gay, bisexual and transgender group (LGBTQ+). In addition to further reflect the diversity and needs of our people we also have an under 30s network, a menopause group, and a mental health group. Our BAME engagement group has significantly grown and now has more than 100 members. In addition, we have active representatives on the Devon-wide BAME network. Our EDI Lead in their capacity of system BAME network chair has presented to the Devon ICB Board sharing the experiences of our newly recruited international nurses. Our network chairs attend our People Committee, which is a sub committee of our Board of Directors, to raise awareness of issues affecting their members and provide assurance around how these are being addressed.

Whenever possible we continue to have an inclusivity representative on interview panels to ensure recruitment processes are inclusive. This also ensures we are growing a more inclusive and diverse future workforce and enabling the career progression for people from minority groups.

Through our evolving people promise plan, we have undertaken significant engagement with people from under-represented groups in order to better understand what is needed to ensure a culture of inclusion and belonging. The themes identified from this work together with the results of the staff survey have informed our work for 2022/23; these included:

- the menopause network chair invites guest speakers who have specialist knowledge in the menopause to provide updates, raise awareness of symptoms and advice of what is available to support anyone going through the peri-menopause and are in menopause
- we are now providing training for a menopause mentor

- we are developing training about the peri-menopause and menopause for managers
- we promote and raise awareness of Ramadan, Diwali and other celebrations through articles, videos and offering diverse foods in our staff canteen
- we raised awareness through disability history month however unfortunately due to industrial action we had to postpone our planned disability conference
- we celebrated a highly successful Black History Month the highlight of which was a series of workshops with a national speaker. The workshops highlighted the journey of the NHS and the historic policies and procedures that it has inherited and the impact it has on us all now
- our overseas colleagues hosted a cultural event that included dancing, music, drumming and poetry and international foods
- we raised awareness of race equality through daily challenges on key topics designed stimulate personal reflection own bias and privilege
- 29 of our people completed our inaugural BME Leadership programme with several achieving promotion during this time
- We started to develop and co-design a training framework for managers to raise cultural awareness to ensure smooth the transition for international colleagues into their new team. Our international colleagues have been pivotal in designing this with us.

2023 national NHS staff survey

Staff engagement and experience

We know that the best way to care for people who use our services is to care for the people who deliver those services – our dedicated, talented, compassionate staff. Supporting them to live well is central to enabling us to deliver our purpose – to support the people of Torbay and South Devon to live well.

Research evidences a clear relationship between people feeling seen, heard and valued and individual and organisational outcome measures, such as staff absenteeism and turnover, patient satisfaction and mortality and safety measures, including infection rates.

The better we support and listen to our people, the better the outcomes and experience for people who use our services.

We have a range of well-established forums for our people to share their views and to engage with us including:

- Trust Talk – monthly briefing session from the Executive Team which is livestreamed, with opportunities for question and answers
- ‘Just Ask!’ noticeboard for people to ask questions or raise issues with the Executive Team
- staff surveys including the national annual staff survey and quarterly people pulse
- bespoke forums including the mental health forum and menopause group
- Freedom to Speak Up Guardian and champion network
- equality business forum and staff network groups
- joint consultations/negotiations with the Trade Unions
- wellbeing buddies
- staff governors.
-

NHS staff survey

The NHS staff survey is conducted annually. From 2021/22 the survey questions align to the seven elements of the NHS 'People Promise' and retains the two previous themes of engagement and morale. These replaced the ten indicator themes used in previous years. All indicators are based on a score out of 10 for specific questions with the indicator score being the average of those.

The past 12 months has continued to challenge each and every one of our teams as we try to deliver better health and care for all and ensure that people waiting for care and treatment can be seen as quickly as possible.

The annual staff survey provides an incredibly helpful insight into the experience of our people at work. The survey is aligned to the NHS people promise which is based on what our people say matter to them most. As such, the survey feedback is presented in the form of nine elements – the seven people promises, together with two additional elements- staff engagement and staff morale. Each element receives a score from 0 to 10, with 10 being the best score attainable.

Regrettably, we saw a reduction in the overall response rate from 42% in 2021 to 38% in 2022. This compares to a median response rate of 44% for our benchmarking group - acute and acute and community trusts.

The feedback is presented below, together with the three previous reporting periods.

2022/23 and 2021/22

Elements	Foundation trust 2022	Benchmarking group	Foundation trust 2021	Benchmarking group
We are compassionate and Inclusive	7.2	7.2	7.2	7.2
We are recognised and rewarded	5.8	5.7	5.9	5.8
We each have a voice that counts	6.6	6.6	6.7	6.7
We are safe and healthy	5.8	5.9	5.9	5.9
We are always learning	5.2	5.4	5.1	5.2
We work flexibly	6.1	6.0	6.1	5.9
We are a team	6.7	6.6	6.7	6.6
Staff engagement	6.7	6.8	6.8	6.8
Morale	5.6	5.7	5.8	5.7

2020/21 and 2019/2020 – new reporting categories as of 2020/21

	Foundation trust 2020/21	Benchmarking group	Foundation trust 2019/20	Benchmarking group
Equality, diversity and inclusion	9.2	9.1	9.2	9.2
Health and wellbeing	6.1	6.1	6.1	6.0
Immediate managers	6.9	6.8	6.9	6.9
Morale	6.4	6.2	6.3	6.2
Quality of appraisals	*Theme removed from reporting*		5.1	5.5
Quality of care	7.3	7.5	7.3	7.5
Safe environment – bullying and harassment	8.1	8.1	8.2	8.2
Safe environment – violence	9.5	9.5	9.5	9.5
Safety culture	6.6	6.8	6.6	6.8
Staff engagement	7.0	7.0	7.0	7.1
Team working	6.5	6.5	6.6	6.7

In comparison to last year, the feedback demonstrates that we have maintained or improved our performance in four of the nine elements: we are compassionate and inclusive, we are flexible, we are a team, we are always learning. It's important that we are all able to learn and flourish in our roles and we have seen the biggest improvement in our appraisal feedback. We have also seen an improvement in our flexible working feedback, which is hugely positive as we know this is a key reason why people choose to continue working with us.

We have, however, seen a statistically significant lower performance in staff engagement, staff morale, we are safe and healthy and we are recognised and rewarded. The pressure our people feel at work is an area of concern as many have told us they do not feel there are not enough people available to do their job well.

Future priorities

The people element of our regain and renew plan (our people promise) seeks to respond directly to the feedback from the survey by identifying two clear priorities:

- We will make our people lives easier and free up time to work in a safe and calm way on agreed priorities. We will seek to do this by improving our workforce processes, such as reducing the time it takes to hire new people and rolling out e-rostering across our services. We will develop our approach to long term workforce planning and the development of career pathways so that we can grow our own future workforce – recognising the immense skills and talents of our people. We will continue our focus on retention and improving those areas that are most important to our people.
- We will also define and deliver a consistent, compassionate and inclusive leadership and management approach - ensuring that our managers and leaders feel valued and supported, have reasonable spans of control so workload is manageable, as well as the skills and confidence to lead effectively in these very challenging times.

Performance against our people plan is monitored through our People and Education Governance Group and ultimately the People Committee as a sub- committee of our Board of Directors.

Diversity and inclusion

Diversity and Inclusion is at the forefront of everything we do within the NHS. We are committed to building an organisation that puts people's wishes at the centre and removing the barriers that hinder staff and prevent them working to their full potential.

Our values are the NHS values and we embed these through our recruitment and appraisal processes.. In addition, our people promise leads the way in which we treat all people whether a member of staff or the public. Our people can be assured that they will continue to be supported and valued to carry out their duties effectively, ensuring that everyone counts.

Our equality, diversity and inclusion programme of work is integral to the delivery of our people promise and is key to improving the experience of our people who are part of under-represented groups.

We developed our priorities for the programme through in-depth engagement with our people. These include:

- a relentless focus on addressing bullying and harassment through:
- raising the profile of unacceptable behaviour and addressing by holding people to account, providing support and further development for staff
- training managers to be confident in addressing poor behaviours through our new leadership and management training package
- raising cultural awareness through education, personal reflection and modernised, meaningful mandatory training for all staff
- developing career pathways and supporting career progression has been predominantly focused on BME staff during this year. We recognise through our staff survey this needs to other groups of under-represented staff in particular those with a long-term condition or disability. A scheme of actions are being developed.
- strengthening and developing our networks to be even more influential and driving change for under-represented people remains to be a priority for 2023/24.

Workforce Disability Equality Standards (WDES)

The Workforce Disability Equality Standard (WDES) is a set of ten specific measures (metrics) that enables NHS organisations to compare the workplace and career experiences of disabled and non-disabled staff. NHS organisations use the metrics data to develop and publish an action plan. Year on year comparison enables NHS organisations to demonstrate progress against the indicators of disability equality.

Making a difference for disabled staff

The WDES is important, because research shows that a motivated, included and valued workforce helps to deliver high quality patient care, increased patient satisfaction and improved patient safety.

The WDES enables NHS organisations to better understand the experiences of their disabled staff and supports positive change for all staff by creating a more inclusive environment for disabled people working and seeking employment in the NHS.

Nine of the 13 WDES indicators are taken from the National Staff Survey. The table below shows our performance against the WDES standards and the actions taken in 2022/23 to address the position. Regrettably, despite the action taken the feedback

indicates an overall decline in experience for our people with a long-term condition (LTC), in comparison to our people without LTC that remains largely unchanged. The only indicators that are showing a degree of improvement are equal opportunities for career progression, reporting of bullying, harassment and aggression (BHA) and the marginal reduction in BHA from patient and service users

	LTC or illness 2021	Without LTC 2021	LTC or illness 2022	Without LTC 2022	LTC or illness average 2022
% staff experiencing BHA from patients, relatives or public	32.1%	25.4%	31.9%	25.3%	32.4%
% staff experiencing BHA from manager	16.3%	8.7%	18.7%	8.6%	17.1%
% staff experiencing BHA from colleagues	24.5%	15.9%	29.2%	15.7%	26.9%
% of staff that reported experience of BHA	48%	48.6%	49.8%	48.4%	48.4%
% staff believing equal opportunities for career progression	49.7%	59%	50.8%	58.8%	51.4%
% staff feeling pressure from manager to come to work despite feeling unwell	25.1%	19.8%	29.8%	19.9%	32.2%
% staff satisfied with the extent we value their work	34%	40.8%	31.1%	41.6%	32.5%
% staff saying we have made adequate adjustments for them to carry out work	76.3%		71.8%		
Staff engagement score (0-10)	6.4	6.9	6.3	6.8	6.4

Actions undertaken in 2022/23

- anti-bullying advisors network available to provide a safe space and support for staff. A review and evaluation of this service has commenced to improve uptake, visibility and diversity of group
- reasonable adjustment information refreshed, promoted through health and wellbeing and employee relations team and continues to be available on the EDI web pages
- a team of mediators are available and have commenced promotion of their service and developing a stronger partnership.

To further address and see improvement in 2023/24 these are the actions that will be taken:

- following review and evaluation of anti-bullying advisor service co-design the programme of work to reduce BHA with members of EDI networks
- commencement of a programme of work focusing on a ‘Just and Learning Culture’. This will be designed to move our focus and practice of looking back at the harm done and the often-punitive consequences to one that seeks to understand what has happened focusing on the future and the trust that needs to be repaired and investment in relationships
- proactive focus on bullying and harassment to include raising awareness of incivility, personal attitude and behaviour impact on others
- further raising awareness of mediation network to provide proactive support and early intervention with managers. Training will be provided for managers through

the new leadership and management training package
- understanding barriers to career progression for people through our Disability Network and staff workshops
- renewed focus on our Disability Network to increase membership and diversity of people living with LTC
- recruit disability inclusivity representatives to be part in interview panels ensuring inclusive recruitment practices
- raise awareness of reasonable adjustment options and embed practice through task and finish group.

Workforce Race Equality System

Implementing the Workforce Race Equality Standard (WRES) is a requirement for NHS commissioners and NHS healthcare providers including independent organisations.

The WRES was introduced in 2015 to hold a mirror up to the NHS and spur action to close gaps in workplace inequalities between our black and minority ethnic (BME) and white staff.

Four of the nine WRES indicators are taken from the National Staff Survey and these are the actions

The table below shows our performance against the WRES standard for the last two years and in comparison, to the national average. The broad headlines are: experience of bullying, harassment and abuse (BHA) from patients has remained consistent for white staff but has increased by over 3% for our BME staff which is significantly higher than the national average and must be an area of focus this year worryingly, BHA from staff toward our BME staff has increased by over 7%, whilst remaining consistent for white staff. Again, this is significantly higher than the national average and must be an area of focus this year the percentage of staff feeling there are equal opportunities for career progression has remained largely consistent for both demographic groups and significantly higher than the national average the prevalence of discrimination has also increased at a higher rate for our BME staff which is now above the national average and widens the disparity gap further. Engagement work to understand the nature and form discrimination is planned to ensure appropriate actions are developed but will be central to the redevelopment of our training and education around compassion and inclusion incorporating how we lead inclusively, and civility and respect.

	BME 2021	White 2021	BME 2022	White 2022	BME Average 2022
% staff experiencing BHA from patients, relatives or public	33%	26.5%	36.2%	26.4%	30.8%
% staff experiencing BHA from staff	24.6%	22.3%	31.8%	22.9%	28.8%
% staff believing equal opportunities for career progression	51%	57.3%	51.7%	57.1%	47%
% staff experiencing discrimination at work from manager or colleagues	17.3%	6.3%	18.6%	6.9%	17.3%

The actions undertaken during 2022/23 to improve the experience of our BME staff included:

- in partnership with the clinical safety team we have reviewed the policies, guidance, systems and processes that address the rise in racist behaviour and language. This has included focused support for members of staff after such an incident
- we launched our inaugural BME Leadership programme where 29 BME members of staff completed and graduated. This was designed to increase personal and collective confidence in order to enable individuals to realise and reach their potential as inclusive leaders
- we have continued to support our BME network and staff to send out key messages within the organisation
- in collaboration with international staff designed a training package for managers to support the improvement of the integration and transition into the workplace for new international team members
- our EDI Lead, also the system BME network chair presented to the Integrated Care Board, sharing the experiences of international nurses as they integrate into their new workplace. The purpose being to improve their experience now and for future international nurses coming to Devon.

Despite these actions there is still further improvement to be made during 2023/24 and these include:

- commencement of a programme of work focusing on a 'Just and Learning Culture'. This will be designed to move our focus and practice of looking back at the harm done and the often punitive consequences to one that seeks to understand what has happened focusing on the future and the trust that needs to be repaired and investment in relationships
- engagement with staff networks and wider forums to understand the nature and forms of bullying, harassment and discrimination. The findings will inform the development included in our training package for managers and wider organisation relating to compassion
- following review and evaluation of anti-bullying advisor service co-design the programme of work to reduce BHA. This will be done in collaboration with our EDI networks and will be informed by the point above
- commit with deliberate intent to an organisationalanti-racism charter that sets out a zero-tolerance position together with a campaign of raising awareness of unacceptable behaviours and support to educate and develop people when this occurs
- complete and launch of modernised mandatory training deigned to cause staff to reflect on their own behaviours and language towards others
- supporting career progression with the launch of a second BME Leadership programme.

Actions undertaken

- vlogs were delivered by our Chief Executive at the beginning, during and end of Ramadan
- our BME EDI Lead is a vaccine ambassador and was interviewed by a local TV broadcaster to encourage the uptake of the vaccine

- we have worked alongside our international nurses' team, to improve the experience of our BME nurses and to monitor their journey within the organisation
- a bullying and harassment project has been advertised and the training of advisors has taken place
- our Board of Directors participated in a facilitated development session discussing equality, diversity and inclusion and what this means strategically and their leadership role for the organisation.

Next steps

- continue to grow our BME network to provide a safe space for our people's voices to be heard, to share experiences, offer peer support and have a sense of belonging
- ensure we have a rolling programme of events and spaces to increase confidence and trust of our staff. Encourage our BME staff to lead and take part in celebrating diversity and inclusion across the organisation
- implement listening events to hear the first-hand the experiences of our staff. Workshops are underway to gain insight and better understand barriers to career progression. Encourage members to share their stories safely.
- continue working with our communities to reach those we seldom hear from
- launch our managers essential training programme to raise awareness of bullying and harassment experiences, unconscious bias and the need for managers to be culturally competent and compassionate leadership training for managers to help support themselves and staff
- progress work to create an inclusive culture throughout the organisation through promoting self-awareness and ensuring recruitment processes are diverse and inclusive
- review our recruitment processes to support the recruitment of an inclusive and diverse workforce
- develop a range of resources for leaders and staff to engage in meaningful conversations around race and inequality
- address the lack of BME staff in Band 8A and above posts. Introduce Inclusivity reps on interview panels. Explore bespoke recruitment agencies and target recruitment and retention
- recruit members of BME staff to our Anti-Bullying Network. Campaign to encourage BME staff to join with support of the BME Network chair and the executives
- embark on a reciprocal mentoring programme with an emphasis on race
- promote and support inclusive access to training, learning and development opportunities, at national, regional and local level, identifying any specific gaps requiring some targeted or bespoke programmes
- Continue to offer bespoke coaching programme for BME staff as part of our development offer
- modernise the EDI mandatory training for all staff raising awareness and educating everyone on EDI matters and personal impact on others.

Gender pay differential

Gender pay reporting legislation requires employers with 250 or more employees to publish statutory calculations every year showing how large the pay gap is between their male and female employees. The data in this report is based on a snapshot taken on 31 March 2022.

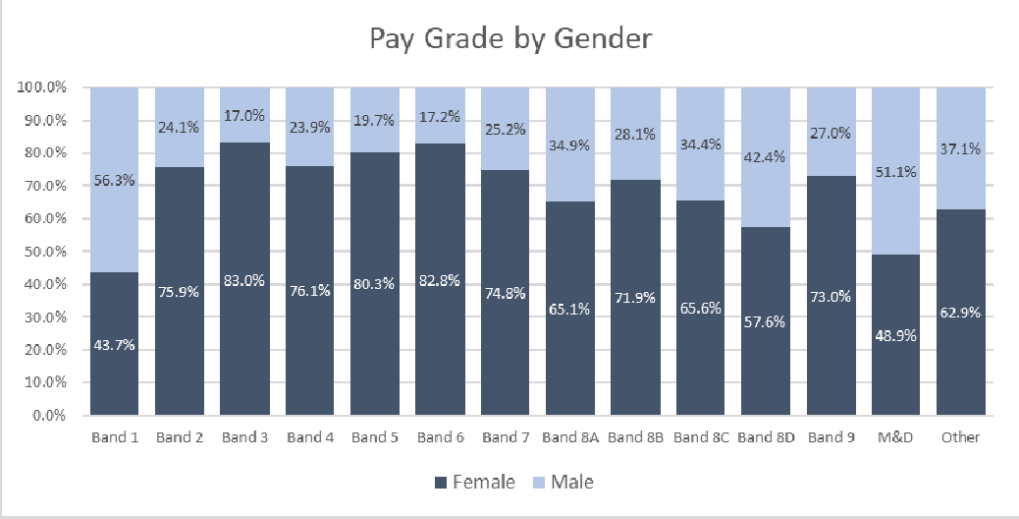
An analysis of the Foundation Trust workforce as at 31 March 2022, split by directors, Band 8A and above and all employees, is shown below:

	Male %	Male headcount	Female %	Female headcount
Executive Directors	57.1%	4	42.9%	3
Band 8A and above	31.0%	95	69.0%	211
Employees	21.83%	1659	78.17%	5940

Gender pay reporting is different to equal pay. Equal pay deals with the pay differences between men and women who carry out the same jobs, similar jobs or work of equal value. It is unlawful to pay people unequally because they are a man or a woman.

The gender pay gap analysis below shows the difference in the average pay between all men and women in a workforce. Generally, the average pay of women is lower than that of men and this tends to be because there are fewer women in senior high earning positions in organisations than men. While a workforce may be predominantly female, if the most senior positions are taken up by men, the average pay of women in that organisation could well be lower.

The current gender split within the overall workforce is 78.17% female and 21.83% male. The breakdown of proportion of females and males in each banding is as follows:



Average gender pay gap

Average gender pay gap as mean average (All applicable Foundation Trust staff)

	Male	Female	% difference
Mean hourly rate 2018	£18.76	£14.85	20.84%
Mean hourly rate 2019	£18.89	£15.22	19.44%
Mean hourly rate 2020	£19.51	£15.72	19.41%
Mean hourly rate 2021	£19.58	£16.07	17.89%
Mean hourly rate 2022	**£20.62**	**£16.79**	**18.54%**

Average gender pay gap as median average (all applicable Foundation Trust staff)

	Male	Female	% difference
Median hourly rate 2018	£14.16	£13.10	7.49%
Median hourly rate 2019	£14.21	£13.29	6.49%
Median Hourly rate 2020	£14.73	£13.83	6.09%
Median Hourly rate 2021	£14.58	£14.02	3.83%
Median Hourly rate 2022	**£16.12**	**£14.92**	**7.43%**

Summary of results average gender pay gap

The overall percentage variance for the average hourly rate of pay as a mean average is low at 18.54% and this has increased from last year which was 17.89%. This calculation is based on the average hourly rate of 5940 female staff compared to 1659 male staff; because the average is calculated over different numbers of staff (there are almost four times more female staff), some variance is to be expected.

The percentage variance for the median hourly rate of pay is 7.43%. This calculation is based on the average hourly rate at the mid-point for each gender group. This can be more indicative than the average hourly rate of pay as it is not impacted much by the female to male ratio.

However further investigation has shown that when medical and dental staff are removed from the calculations then the gender pay gap is in favour of female staff. It is the inclusion of our consultant body which shows to have a significant impact on the figures, as the majority of our senior consultants are predominantly male (148 male to 104 female consultants) and have a significant number of years seniority.

This impact can be seen on the mean hourly rate supporting the theory that medical and dental staff do influence the hourly rate which has risen to 13.04% after a 3-year reduction trend from 2019-2021. Male medical and dental staff have seen a 4% rise in their mean hourly rate in comparison to females who have seen a 3% average rise. This is comparable with the agenda for change staff who show male colleagues increase at 6% with their female colleagues at 5%. This can be related to the 60/40 split in male to female ratio for consultants.

- Having reviewed the data there are two themes which stand out: when looking at the total workforce, male staff are disproportionately represented in the lowest and highest pay quartiles
- the most obvious imbalance of pay is among the medical and dental staff, namely with regards to the historic CEA Bonus pay.

It is the inclusion of our consultant body which shows a significant impact on the figures, reversing the female positive gender pay gap across the remainder of our workforce.

Analysis of our medical workforce continues to reveal its own complexities. The junior doctors show a pay gap in favour of female staff, but at more senior level then this is in favour of male employees, with a higher number of male consultants employed compared to female. The legacy of a predominantly male consultant body is slowly changing, as demonstrated by the current junior doctor workforce, which shows a higher number of female employees compared to male.

Additional information on our latest published Gender Pay Gap Report can be found on the website at Equality and Diversity - Torbay and South Devon NHS Foundation Trust and at the Cabinet Office website at Torbay And Southern Devon Health And Care NHS Trust gender pay gap data for 2020-21 reporting year - GOV.UK - GOV.UK (gender-pay-gap.service.gov.uk)

Relevant union officials

Number of employees who were relevant union officials during the relevant period	1
Full-time equivalent employee number	1

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1 – 50%	0
51% - 99%	0
100%	1

Percentage of pay bill spent on facility time

Total cost of facility time	£67.617.19
Total pay costs	£303,439,016.38
Percentage of the total pay bill spent on facility time, calculated as (total cost of facility time divided by total pay bill) x 100	0.022%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on trade union activities by relevant union officials during the relevant period + total paid facility time hours) x 100	100.00%

Consultancy costs

Expenditure on consultancy costs for 2022/23 was £936,000 compared with £362,000 for 2021/22.

Off-payroll report

PES (2018)13 requires the Foundation Trust to seek assurance from individuals working through off-payroll engagements, that all their tax obligations are being met. This is required for existing and new engagements that during the period between 1 April 2022 and 31 March 2023 cost more than £245 per day and were engaged for more than six months.

The Foundation Trust is required under the reporting requirements published by HM Treasury in relation to PES (2018)13, to report if it had any engagements which met the disclosure requirements. The Foundation Trust can confirm that it had no engagements requiring disclosure.

Off-payroll worker engagements as at 31 March 2023

Number of existing engagements as of 31 March 2023	4
Of which…….	
Number that have existed for less than one year at time of reporting	0
Number that have existed for between one and two years at time of reporting	0
Number that have existed for between two years and three years at time of reporting	2
Number that have existed for between three and four years at time of reporting	0
Number that have existed for four or more years at time of reporting	2

All off-payroll workers engaged at any point during the year ended 31 March 2023

Number of off-payroll workers engaged during the year ended 31 March 2023	5
Of which…….	
Number assessed as within the scope of IR35	0
Number assessed as not within the scope of IR35	5
Number of engagements reassessed for consistency/assurance purposes during the year	1
Of which: Number of engagements that saw a change to IR35 status following review	0

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023

Number of off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, during the financial year	0
Number of individuals that have been deemed 'Board members and/or senior officials with significant responsibility' during the financial year. This figure must include both off-payroll and on- payroll engagements	20

Note: The Foundation Trust has a number of doctors who meet the financial criteria but have no significant financial responsibility and therefore fall outside of the scope of the reporting requirement.

Staff exit packages paid in year (audited information)

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

Exit package cost band (including any special payment element)	Compulsory redundancies		Other departures agreed		Total of exit packages		Departures where special payments have been made	Special payment element included in exit packages
	Number	Cost £'000	Number	Cost £'000	Number	Cost £'000	Number	Cost £s
Less than £10,000	-	-	18	68	**18**	**68**	1	4
£10,001 - £25,000	-	-	5	68	**5**	**68**	-	-
£25,001 - 50,000	-	-	2	61	**2**	**61**	-	-
£50,001 - £100,000	-	-	-	-	**-**	**-**	-	-
£100,001 - £150,000	-	-	-	-	**-**	**-**	-	-
£150,001 - £200,000	-	-	-	-	**-**	**-**	-	-
Greater than £200,000	-	-	-	-	**-**	**-**	-	-
Total number of exit packages by type	**-**	**-**	**25**	**197**	**25**	**197**	**1**	**4**

Redundancy and other departure costs have been paid in accordance with the provisions of the national Agenda for Change scheme where payment has been made in lieu of notice, or the locally agreed MARS scheme which is based on national guidance. Exit costs in this note are the full costs of departures agreed in the year. Where the Trust has agreed early retirements, the additional costs are met by the Trust and not by the NHS Pensions Scheme. Ill-health retirement costs are met by the NHS Pensions Scheme and are not included in the table.

This disclosure reports the number and value of exit packages agreed in the year. Note: the expense associated with these departures may have been recognised in part or in full in a previous period.

Exit packages: other (non-compulsory) departure payments (audited information)

	2022/23		2021/22	
	Agreements Number	Total Value of Agreements £000	Payments agreed Number	Total value of agreements £000
Voluntary redundancies including early retirement contractual costs	1	34	-	-
Mutually agreed resignations (MARS) contractual costs	1	27	18	719
Early retirements in the efficiency of the service contractual costs	-	-	-	-
Contractual payments in lieu of notice *	22	132	19	108
Exit payments following Employment Tribunals or court orders	-	-		-
Non-contractual payments requiring HMT approval **	1	4	-	-
Total	**25**	**197**	**37**	**827**

*any non-contractual payments in lieu of notice are disclosed under “non-contractual payments requiring HMT approval” below.

**includes any non-contractual severance payment made following judicial mediation, and non-contractual payments in lieu of notice.

Apprenticeships

Apprenticeships continue to be an ideal way for anyone to earn a wage while gaining a valuable qualification.

Hiring apprentices helps all businesses and organisations employ local talented people and supporting career aspirations, benefitting the organisation, the person and the local community. Apprentices provide organisations such as the NHS with a motivated, talented, skilled and qualified workforce.

Being an apprentice provides opportunities to gain a nationally recognised qualification, develop professional skills, while earning a salary.

we currently employ almost 300 apprentices in many clinical, allied healthcare and business roles. The number of apprentice employees increases annually.

Since 2017 we have supported over 500 apprentices through their apprenticeship and into successful working roles. Some of our apprentices go on to achieve a BSc degree in their chosen career. This includes nurses, occupational therapists, physiotherapists, radiographers, healthcare science practitioners in cardiology, Respiratory and engineering, managers and senior leaders etc.

All apprenticeship training programmes are paid for by the employer organisation, and enable those who may not be in a position to take on a student loan to achieve their career aspirations from a level 2 apprenticeship up to and beyond a BSc apprenticeship.

As the largest employer in the region, we truly value our people and use the resources available to us for the benefit of the employee and ensure that nobody is excluded, discriminated against, or left behind.

We are an inclusive organisation and we continue to support as many people as possible into our organisation. Apprenticeship opportunities provide another respected route into our organisation as well as supporting the career aspirations of those who currently work with us.

This concludes the Staff Report for 2022/2023.

Liz Davenport
Chief Executive
28 June 2023

PART V – GOVERNANCE STATEMENTS

Statement of the Chief Executive's responsibilities as the Accounting Officer of Torbay and South Devon NHS Foundation Trust:

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

NHS England has given Accounts Directions which require Torbay and South Devon NHS Foundation Trust 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 Torbay and South Devon NHS Foundation Trust NHS foundation trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

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

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

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

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

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

Liz Davenport

Chief Executive

28 June 2023

Our Governance

The Board of Directors and Council of Governors are committed to continuing to operate according to the highest corporate governance standards. While doing this, the Board:

- monthly in order to discharge its duties effectively
- systems and processes are maintained to measure and monitor the organisation's effectiveness, efficiency and economy as well as the quality, of its healthcare delivery
- reviews performance against regulatory and contractual obligations, approved plans and objectives. Metrics, measures and accountabilities have been developed to assess progress and delivery of performance
- all directors are encouraged to constructively challenge each other and the Executive, whilst maintaining and acknowledging their collective responsibility
- Non-Executive Directors scrutinise the performance of the Executive Directors in meeting agreed goals and objectives and monitor the reporting of performance. If a Board member disagrees with a course of action it is minuted accordingly. The Chairman would then hold a meeting with the Non- Executive Directors. If the concerns cannot be resolved this should be noted in the Board minutes
- Non-Executive Directors are appointed for a term of three years by the Council of Governors. The Council of Governors has the authority to appoint or remove the Chairman or the Non-Executive Directors at a general meeting. Removal of the Chairman or another Non-Executive Director requires the approval of three-quarters of the members of the Council of Governors
- Non-Executive Directors are determined by the Board to be independent
- no voting Board or Council of Governor member holds a Director or Governor position within any other NHS Foundation Trust
- operates a code of conduct that builds on our organisational values to reflect high standards of probity and responsibility
- in discussion with the Council of Governors a Non-Executive Director covers the role of Senior Independent Director
- the Chairman ensures that the Board of Directors and the Council of Governors work together effectively and that directors and governors receive timely and clear information that is appropriate to carry out their duties
- the Chairman holds regular meetings with Non-Executive Directors without the Executive Directors present
- no independent external adviser has been a member of or had a vote on the Committees responsible for the appointments or remuneration of Executive or Non-Executive Directors
- the Committee responsible for setting levels of remuneration for Executive Directors has delegated authority from the Board to do so
- independent professional advice is accessible to the Non-Executive Directors and the Trust Secretary via the appointed independent external auditors and/or via external legal firms
- there is no full-time Executive Director that takes on more than one Non-executive Director role of another NHS Foundation Trust or another organisation of comparable size and complexity
- all Board meetings and Board Committee meetings receive sufficient resources and support to undertake their duties
- a going concern report is undertaken annually

- effective mechanisms are in place to ensure co-operation with relevant third-party bodies
- in accordance with the Code, our organisation is led by the Board of Directors who have joint and several responsibilities for the exercise of the powers of the Foundation Trust. Appointments to the Board both of Executive and Non-Executive Directors in the reporting period meant that the Board was fully constituted. The Board does not consider that its performance or balance was significantly impacted during any period of interim arrangements.

The Council of Governors:

- represents the interests of the organisation's members and partner organisations in the local health economy.
- has a code of conduct in place to ensure Governors adhere to our best interests and values
- holds the Board of Directors to account for our performance and receives appropriate information on a regular basis
- governors are consulted on the development of our forward plans and arrangements are in place for them to be consulted on any significant changes to the delivery of our business plan if so required
- the Council of Governors meet on a regular basis in order for them to discharge their duties
- the governors elect a lead governor. As lead governor, the main function is to act as a point of contact with NHSE, the directors and governors continually update their skills, knowledge and familiarity with our organisation and our obligations, to fulfil their role on various Boards and Committees
- our constitution is available on the website and outlines the clear policy and fair process for the removal from the Council of Governors of any governor who consistently and unjustifiably fails to attend the meetings of the Council of Governors or has an actual or potential conflict of interest which prevents the proper exercise of their duties
- the performance review process of the Chairman and Non-Executive Directors involves the governors, is conducted by the Senior Independent Director and in accordance with NHSE guidance. Each Executive Director's performance is reviewed by the Chief Executive. The Chairman reviews the performance of the Chief Executive
- the Committee responsible for setting remuneration of Non-Executive Directors and the Chairman adhere to the NHSE guidance when reviewing levels of remuneration
- the Committee responsible for the appointment of Non-Executive Directors comprises a majority of governors
- the Chief Executive ensures that the Board of Directors and the Council of Governors act in accordance with the requirements of propriety or regularity. If the Board of Directors, Council of Governors or the Chairman contemplates a course of action involving a transaction which the Chief Executive considers infringes these requirements, the procedures set by NHSE for advising the Board and Council for recording and submitting objections to decisions will be followed. During 2022/23 there have been no occasions on which it has been necessary to apply the NHSE procedure
- our staff are required to act in accordance with NHS standards and accepted standards of behaviour in public life (Nolan Principles).

- We ensure compliance with the Fit and Proper Person (FPP) requirement forthe Board of Directors. All existing Directors completed a self- declaration. All new appointments are also required to complete the self- declaration and the full requirements of the FPP test have been integrated into the pre-employment checking process.

Statement of compliance with the NHS Foundation Trust Code of Governance

We have applied the principles of the NHS Foundation Trust Code of Governance, as published and applicate for this financial year, 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, originally issued in 2012. It is noted that a new code of governance has been published for NHS providers for year ending 31 March 2024, this will be reflected in next years' accounts and adhered to within the year commencing 1 April 2023.

NHS Foundation Trusts are required to provide a specific set of disclosures in the annual report to meet the requirements of the Code of Governance.

Information relating to governance systems and processes is detailed in the Annual Report, and in particular the Annual Governance Statement. Details of the Constitution of the Board are given in the Accountability Report.

Mandatory disclosures

Relating to	***Code provision***	***Summary of requirement***	***Location in Annual Report***
Board and Council of Governors	A.1.1	The schedule of matters reserved for the board of directors should include a clear statement detailing the roles and responsibilities of the council of governors. This statement should also describe how any disagreements between the council of governors and the board of directors will be resolved. The annual report should also include this schedule of matters or a summary statement of how the board of directors operate, including a summary of the types of decisions to be taken by the board and council which are delegated to the executive management of the board of directors.	Accountability Report Pages 40-41 Governance Statements – Page 94
Board, Audit Committee, Nominations and Remuneration Committee(s)	A.1.2	The annual report should identify the chairperson, the deputy chairperson (where there is one), the chief executive, the senior independent director (see A.4.1) and the chairperson and members of the nominations, audit and remuneration committees. It should also set out the number of meetings of the board and those committees and individual attendance by directors.	Accountability Report Pages 42 and 48
Council of Governors	A.5.3	The annual report should identify the members of the council of governors, including the description of the constituency or organisation they represent whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the lead governor.	Accountability Report Pages 50-51
Council of Governors	FT ARM*	The annual report should include a statement about the number of meetings of the council of governors and individual attendance by governors and directors.	Accountability Report Page 50

Board	B.1.1	The board of directors should identify in the annual report each of the non- executive director it considers to be independent, with reasons where necessary.	Accountability Report Page 42
Board	B.1.4	The board of directors should include in its annual report a description of each director's skills, expertise and experience. Alongside this, in the annual report, the board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the Foundation Trust.	Accountability Report Pages 48-49 and Appendix A Pages 123-129
Board	FT ARM*	The annual report should include a brief description of the length of appointments of the non-executive directors, and how they may be terminated.	Remuneration Report Pages 60-67
Nomination and Remuneration Committee(s)	B.2.10	A separate section of the annual report should describe the work of the nominations committee(s), including the process it has used in relation to board appointments.	Accountability Report Page 43
Nomination and Remuneration Committee(s)	FT ARM*	The disclosure in the annual report on the work of the nomination committee(s) should include an explanation if neither an external search consultancy nor open advertising has been used in the appointment of a chair or non- executive director.	Not applicable
		A chairperson's other significant commitments should be disclosed to the council of governors before appointment and included in the annual report.Changes to such commitments should be reported to the council of governors as they arise, and included in the next annual report.	No other significant commitments to report
Council of Governors	B.5.6	Governors should canvass opinion of the Trust's members and the public, and for appointed governors the body they represent, on the NHS Foundation Trust's forward plan, including its objectives, priorities and strategy and their views should be communicated to the board of directors. The annual report should contain a statement as to how this requirement has been undertaken and satisfied.	Accountability Report Pages 53-54 and Page 56
Council of Governors	FT ARM*	If during the financial year, the governors have exercised their power under paragraph 10C of Schedule 7 of the NHS Act 2006, to require one or more of the directors to attend a governors' meeting for the purpose of obtaining information about the Foundation Trust's performance of its functions or the directors' performance of their duties, then information on this must be included in the annual report.	Not applicable
Board	B.6.1	The board of directors should state in the annual report how performance evaluation of the board, its committees, and its directors, including the chairperson, has been conducted.	Accountability report Pages 48-49
Board	B.6.2	Where there has been an external evaluation of the board and/or governance of the Foundation Trust, the external facilitator should be identified in the annual report and statement made as to whether they have any other connection to the Foundation Trust.	Not applicable for the reporting period
Board	C.1.1	The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, are	Accountability Report Page 58

		fair, balanced and understandable and provide information necessary for patients, regulators and other stakeholders to assess the NHS Foundation Trust's performance, business model and strategy. Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).	Annual Governance Statement pages 117-119 Page 47
Board	C.2.1	The annual report should contain a statement that the board has conducted a review of the effectiveness of its system of internal controls.	Governance Statements Page 112
Audit Committee/ control environment	C.2.2	A Foundation Trust should disclose in the annual report: if it has an internal audit function, how the function is structured and what role it performs; or if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Accountability Report Pages 43-45
Audit Committee/ control environment	C.3.5	If the council of governors does not accept the audit committee's recommendation on the appointment, re-appointment or removal of an external auditor, the board of directors should include in the annual report a statement from the audit committee explaining the recommendation and should set out reasons why the council of governors has taken a different position.	Not applicable
Audit Committee	C.3.9	A separate section of the annual report should describe the work of the audit committee in discharging its responsibilities. The report should include: the significant issues that the committee considered in relation to financial statements, operations and compliance, and how those issues were addressed; an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, the value of external audit services and information on the length or tenure of the current audit firm and when a tender was last conducted; and if the external auditor provided non- audit services, the value of the non-audit services provided and an explanation of how auditor objectivity and independence are safeguarded.	Accountability Report Pages 43-45
Board, Nomination and Remuneration Committee	D.1.3	Where an NHS Foundation Trust releases an executive director, for example to serve as a non-executive director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings.	Not applicable
Membership	E.1.4	Contact procedures for members who wish to communicate with governors and/or directors should be made clearly available to members on the NHS Foundation Trust's website and in the annual report.	Appendix B Pages 130-131
Board	E.1.5	The board of directors should state in the annual report the steps they have taken to ensure that the members of the board, and in particular non-executive directors, develop an understanding of the views of governors and members about the NHS Foundation Trust, for example through attendance at	Accountability Report Page 49

		meetings of the council of governors, direct face-to-face contact, surveys of members' opinions and consultations.	
Board/ Membership	E.1.6	The board of directors should monitor how representative the NHS Foundation Trust's membership is and how the level and effectiveness of member engagement and report this in the annual report.	Accountability Report Page 53-54
Membership	FT ARM*	The annual report should include: a brief description of the eligibility requirements for joining different membership constituencies, including the boundaries for public membership; information on the number of members and the number of members in each constituency; and a summary of the membership strategy, an assessment of the membership and a description of any steps taken during the year to ensure a representative membership, including progress towards any recruitment targets for members.	Accountability Report Pages 53
Board/Council of Governors	FT ARM*	The annual report should disclose details of company directorships or other material interests in companies held by governors and/or directors where those companies or related parties are likely to do business, or are possibly seeking to do business, with the NHS Foundation Trust.	Accountability Report Page 43
*FT ARM disclosures are required by the NHS Foundation Trust Annual Reporting Manual rather than the NHS Foundation Trust Code of Governance.			

Comply or explain disclosures

NHS Foundation Trusts are required to provide a specific set of disclosures in relation to the provisions within Schedule A of the NHS Code of Governance. We have applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis and has complied with the Code during 2022/23, except for the following:

A3.1	The Chairman has been reappointed for further one-year term of office, being his tenth year in post. This re-appointment was made in accordance with the direction of NHS England to ensure consistent strategic leadership due to the Devon systems status within SOF4. Due consideration was given to the perception of independence of the postholder when extending the term of office and the balance of risk.
B.1.2	During the year there was a period where there was an equilibrium of Non-Executive Directors (NEDs) and Executive Directors (EDs), as opposed to a positive balance of NEDs. This arose due to an unexpected NED departure and was managed promptly through the recruitment and appointment of two new NEDs in August and September 2022.

Annual Governance Statement

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of our policies, aims and objectives, while 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 our organisation 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 based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Torbay and South Devon 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 Torbay and South Devon NHS Foundation Trust for the year ended 31 March 2023 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

As Accounting Officer, I have overall responsibility for ensuring that there are effective risk management and integrated governance systems in place within the organisation and these meet all statutory requirements and adhere to guidance issued by NHS England in respect of governance and risk management.

We have a risk management strategy, which is reviewed and endorsed by the Board of Directors. The strategy provides the framework for managing risks across the organisation which is consistent with best practice and Department of Health and Social Care guidance. The strategy provides a clear, systematic approach to the management of risks to ensure that risk assessment is an integral part of clinical, managerial and financial processes across the organisation.

The Board of Directors provides leadership on the overall governance agenda including risk management. It is supported by a number of sub-committees that scrutinise and review assurances on internal control. These include the Audit and Risk Committee, Quality Assurance Committee, People Committee and the Finance, Performance and Digital Committee. Underpinning these sub-committees are the Executive-led groups – including the quality improvement group, risk group and other groups managing the operational delivery of information management and technology, estates and people.

Independent assurance on the effectiveness of the system of internal control and overall governance arrangements is provided by the Audit and Risk Committee. Additional assurance on the effectiveness of the systems for ensuring clinical quality is given by the Quality Assurance Committee. The Board of Directors receives a report from the Chair of each of the Board sub-committees. The Board of Directors also receives the Board assurance framework and corporate risk register at each meeting.

The risk group oversees all risk management activities across the organisation to ensure that the correct strategy is adopted for managing risk, controls are present and effective, action plans are robust for these risks that are being actively managed and that high risks are scored appropriately. The risk group is chaired by the Chief Finance Officer. Membership comprises all Executive and Associate Directors; other standing attendees include the Director of Health Informatics, Director of Corporate Governance, Corporate Governance Manager and the Risk Officer. In addition, the Executive Directors have in place a process whereby all significant risks to the achievement of service delivery unit and directorate objectives, NHS England governance and compliance requirements and Care Quality Commission regulations are kept under review.

Established governance arrangements maintain effective risk management arrangements across the Integrated Service Units (ISUs) maintain risk registers and report accordingly. The system directors for each of the ISUs are responsible and accountable to the Chief Operating Officer for the quality of the services they manage and to ensure that any identified risks are placed on the ISU risk register. All such risks are reviewed by the relevant ISU and any escalation as required is managed in accordance with the risk reporting process. It should be noted that the ISU structure will change in the year ended 31 March 2024 following a clinical governance review.

While the Chief Executive has overall responsibility for the management of risk, other members of the Executive team exercise lead responsibility for the specific types of risk as follows:

Strategic risk	Chief Executive
Clinical and quality risks	Chief Nurse/Medical Director
Financial risks	Chief Finance Officer
Workforce risks	Chief People Officer
Clinical staffing risks	Chief Nurse/Medical Director
Operational risks	Chief Operating Officer
Information management and technology risks	Director of Transformation and Partnerships

All Board level directors are responsible for ensuring there are appropriate arrangements and systems in place to identify and assess risks and hazards, comply with internal policies and procedures, and statutory and external requirements and integrate functional risk management systems and develop the assurance framework. These responsibilities are supported operationally by service unit managers.

All members of staff have responsibility for participation in the risk/patient safety management system, through:

- awareness of risk assessments which have been carried out in their place of work and to compliance with any control measures introduced by these risk assessments
- compliance with all legislation relevant to their role, including information governance requirements set locally by the organisation
- following all our policies and procedures
- reporting all adverse incidents and near misses via our incident reporting system
- attending regular training as required ensuring safe working practices
- awareness of our patient safety and risk management strategy
- knowing their limitations and seeking advice and assistance in a timely manner when relevant.

We recognise the importance of supporting staff. ISU and directorate risk management activities are supported by a risk management training programme, principally delivered by the risk officer,. Executive Directors and Non-Executive Directors are provided with risk management development on an individual basis or collectively at Board seminars.

We continue to maximise our opportunities to learn from other Foundation Trusts (particularly those who achieve outstanding CQC ratings), internal/external audit and continuous feedback is sought internally to ensure the systems and processes in place are fit for purpose. The findings are taken to the relevant Executive lead and/or Committee to ensure that any learning points are implemented. A wider distribution of learning points for staff is disseminated via staff briefings and bulletins.

In addition to the organisation reviewing all internally driven reports, we adopt an open approach to the learning derived from third party investigations and audits, and/or external reports. We have also adopted a pro-active approach to seeking independent reviews should concerns be raised of a significant magnitude.

I have ensured that all risks of which I have become aware are reported to the Board of Directors. All new significant risks are escalated to the Executive Lead and reviewed and validated by the risk group. There is a regular review of risks on the Board assurance framework by the Board of Directors as a collective Board and at Board Committee; the purpose of which is to scan the horizon for emergent threats and opportunities, and consider the nature and timing of the response required to ensure the risk is kept under control. Risk and assurance is also discussed annually at Board development days.

The risk and control framework

Risk is managed at all levels of the organisation and is co-ordinated through an integrated governance framework consisting of a number of key groups that report on a regular basis to either the Quality Assurance Committee, People Committee, Finance, Performance and Digital Committee, Building a Better Future Committee or Audit and Risk Committee.

The key groups are: safeguarding / inclusion group, quality improvement group, serious adverse events group, people and education governance group, estate performance and compliance group, transformation and cost improvement programme group, finance delivery group, capital infrastructure and delivery group, information management and IT group, risk group, building a brighter future programme group and integrated governance group.

Our risk management strategy has defined our approach to risk throughout the year and provides an integrated framework for the identification and management of risks of all kinds, whether clinical, non-clinical, corporate, or financial and whether the impact is internal or external. This is supported by a Board assurance framework, which is used to record corporate objectives, risks to their achievement, key risk controls, sources of assurance and gaps in assurance to ensure effective risk management. At each Board of Directors meeting, papers are provided with a report summary sheet through which directors identify links to one or more corporate objectives and one or more overarching corporate level risks / themes.

The assessment and subsequent management of risk is informed by its quantification using a risk grading matrix, which is set by the Board of Directors. Consequence and likelihood tables are outlined in the risk management policy. Across a range of domains, the consequence tables grade each risk by reference to its expected impact. This, combined with the likelihood score, defines a measure of overall risk. Our risk tolerance is defined as: ‘the amount of risk the Foundation Trust is prepared to accept, tolerate or be exposed to at any point in time’.

In setting a tolerance, it has been determined that any risks to the delivery of the organisation’s objectives with a current risk score of 15 or above will be brought through the exception reporting process via the Risk Group and Board Sub-Committees to the Board of Directors if deemed to be a corporate level risk. Actions and timescale for resolution are agreed and monitored. Such risks are deemed to be acceptable by the Executive Team only when there are adequate control mechanisms in place and a decision has been made that the risk has been managed as far as is reasonably practicable. Risks scored below this level are managed by the relevant lead director, service unit or directorate.

The Risk Group receives reports on any risks which could impact on our strategic objectives, particularly those risks deemed to be ‘major’ or ‘catastrophic’ or which could escalate to these levels if action is not taken. The Risk Group also oversees the development of our long-term strategy and implementation of the risk management and assurance framework. A deep dive schedule was established during the year which ensures that significant risks (current risk score of 15) receive detailed scrutiny at the Risk Group, Audit and Risk Committee, Quality Assurance Committee, People Committee, Building a Better Future Committee or Finance, Performance, and Digital Committee meetings. Further information can be found within our risk management policy.

Significant risks (any with a current risk score of 15 or more in accordance with the risk scoring matrix) will be reported to and considered by the Risk Group. If it is deemed that a risk is a 'corporate level' risk, it will be added to the corporate risk register as described in our risk management policy or linked to an existing Corporate Level Risk with a shared theme.

The Risk Group reviews the corporate risk register to ensure that:

- the risk has been appropriately assessed and recorded
- actions plans/points are in place and leads identified and timescales for delivery
- the risk and action points/plans are monitored to completion.

Risks posing a threat to our strategic objectives are escalated to the Board assurance framework.

The Executive Team is responsible for:

- ensuring that programme and operational risks are actively managed within their areas of the business
- being owner and action owner of individual risks (including those delegated by the Chief Executive)
- devising short, medium, and long-term strategies to tackle identified risk, including the production of any mitigating action plans.

The Audit and Risk Committee has responsibility for the review of governance, risk management and internal control covering both clinical and non-clinical areas. The Committee reviews the establishment and maintenance of an effective system of integrated governance, risk management (including regular review of the Board assurance framework and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives. The Audit and Risk Committee will request and review reports and positive assurances from directors and managers on the overall arrangements for governance, risk management and internal control.

The Audit and Risk Committee may review the findings of other significant assurance functions, both internal and external to the organisation, and consider the implications to the governance of the organisation and make recommendation to the Board of Directors where appropriate. Where the Audit Committee feels that there is evidence of ultra-vires transactions, evidence of improper acts or if there are other important matters that the Committee wishes to escalate, the Chair of the Audit and Risk Committee will raise these at a full meeting of the Board of Directors and, if appropriate, exceptionally to NHSE. After each meeting, the Chair of each Committee is required to provide a summary report to the Board of Directors addressing 'key issues' and any 'key decisions/recommendations.

The Board of Directors evaluates the Board assurance framework at each meeting with any exceptions being reported at other times of the year. Corporate level risks / themes are included on all Board papers in relation to the action being taken to manage these risks.

An example of where risk management is incorporated into our core business is in relation to the integrated finance, performance, quality and people Board report. The monthly report to the Board of Directors provides commentary on performance and on key variances and improvements. The report is created by the outcomes and actions from various meetings, for example, the integrated governance group

meetings and Executive team weekly meetings. Each of the Board Sub-Committees also reviews the section appropriate to scope of their work at each of their meetings, for example the People Committee receive the people section of the integrated Board report.

We ensure that public stakeholders are involved in managing risks which impact on them. The Council of Governors, having responsibility for representing our members and the public, receive briefings from the Chief Executive and Chair and have regular dialogue with the Chair, Executive Directors and Non-Executive Directors.

Matters pertaining to our performance, both quality, financial and people-related, and any changes to our services are reported.

Discussions have also been ongoing throughout the year with commissioner colleagues to ensure all key access targets are being managed from within available resource. There have been regular contract management meetings with our lead commissioners and councils.

Principal risks

Our risk management processes have identified a number of risks for 2022/23. These system-wide risks relating to unprecedented challenges as a consequence of the COVID-19 pandemic as well as achieving financial sustainability and controlling costs, while having sufficient monies to maintain the digital and estate infrastructure to ensure continued patient safety, quality and productivity have been considered and reflected in the Board assurance framework. The most significant are outlined below along with how they have been/are being managed and mitigated and how outcomes are being assessed.

The risks to the achievement of our strategic objectives are described in the Board assurance framework for 2022/23 as:

Board Assurance Framework (BAF)

BAF Reference 1: quality and patient experience
Objective: to deliver high quality health and care services, achieving excellence in health and wellbeing for patients and local community

- risk of not meeting pace and scale of change required to minimise harm and poor patient experience and meet System Oversight Framework 4 exit criteria
- risk of clinical leadership capacity inability to lead change
- risk of gaps in leadership capacity and capability across new care group structure
- risk of gaps in expertise and capacity within the quality and patient safety functions
- risk of capacity and capability inability to monitor /interrogate business/clinical Intelligence data
- risk of quality /governance systems across organisation and within the newly emerging care group structure not being able to mature quickly enough

BAF Reference 2: people
Objective: to build a culture where our people feel safe, healthy and supported

- risk in relation to turnover of leaders/managers against measures of vacancy controls
- risk of inadequate workforce capacity and resilience, burnout/fatigue arising from ongoing significant operational pressures

- risk of lack of talent pipeline and supply, recruitment and retention of staff across specific specialties/professional groups, due to no strategic business or workforce planning
- risk of failure to fully implement our people promise – specifically leadership framework, management training and just and learning culture
- risk of unaffordable workforce costs due to increased use of bank and agency staff
- risk of inadequate management and leadership capacity to deliver transformation along with business as usual.
- risk of inability to build a culture where people feel safe, healthy and supported due to rising number of EDI related grievances and a reported decline in workplace experience by those with disabilities or from a BAME background.

BAF Reference 3: financial sustainability
Objective: to achieve financial sustainability and deliver the ICS three-year financial recovery plan, enabling appropriate investment in the delivery of outstanding care

- inflation outstrips funding available resulting in a deterioration in financial performance
- digital and physical environments are not fit for purpose
- recruitment and retention are difficult for highly skilled clinical staff
- failure to comply with best practice guidance such as GIRFT and model hospital
- material differences between income and costs for specific services most notably adult social care
- capacity and capability of senior budget holders is variable
- gaps within the CIP programme
- ongoing challenges with data quality and information availability, driven by limited capability of digital systems and significant capacity issues in data warehousing
- GIRFT response, has been inconsistent, missing an opportunity to implement best practice
- impact of operational pressures on ability to deliver financial plans.
- reintroduction of activity-based payments on the horizon with limited in-house capacity to support
- productivity has not recovered to pre-Covid levels and recovery funding is often non-recurrent in nature

BAF Reference 4: estates
Objective: to provide and maintain a fit for purpose estate infrastructure ensuring service continuity at all times

- the estate is heavily dilapidated with £60m of backlog reported to NHSEI through the Estates Return Information Collection (ERIC) in 2022 (half is high and significant risk)
- insufficient engineering infrastructure capacity, capability and resilience to maintain activity and safe environments
- inability to improve and reconfigure the estate due to significantly aged infrastructure and insufficient funding impacting the delivery of clinical activity (e.g. lack of suitable clinical rooms to meet demand, insufficient office-accommodation to meet needs of all clinical and non-clinical teams)
- aging premises, requiring additional servicing and repair

- premises infrastructure and layout not efficient for modern healthcare needs.

BAF Reference 5: operations and performance standards
Objective: to deliver levels of performance that are in line with our plans and national standards to ensure provision of safe, quality care and best experience

- imbalance between time of emergency admissions and discharges
- insufficient capacity in care home and domiciliary care market
- continued infection outbreaks resulting in reduced bed capacity and ability to move patients to the right bed
- insufficient internal and externally sourced capacity to manage elective demand
- inadequate information and data analysis to respond to emerging threats
- low skill level of staff in managing non-elective and elective demand.

BAF Reference 6: digital and cyber resilience
Objective: to provide clinical and administrative IT systems, and supporting digital infrastructure, that efficiently and cost-effectively meet our clinical models of care and key business needs, and support the confidentiality, integrity and availability requirements of a modern health and care provider delivering 24/7/365 services.

- potential for increase of licensing costs above inflation
- shift to annual maintenance fees for licenses impacting on revenue
- systems unavailable due to ransomware attacks
- inability to refresh IT hardware before it ceases to perform or becomes unsupported
- poor data centre/data network storage environment resulting in outages
- requirement to update software with patches can result in system failure
- inability to reprocure/re-provide end of life systems affecting business continuity.

BAF Reference 7: Building a Brighter Future (BBF)
Objective: to develop and implement the New Hospital Plan (Building a Brighter Future) ensuring it meets the needs of the local population and the Peninsula System

- uncertainty in the national funding availability within the New Hospital Programme
- significant increase in inflationary pressures impact overall affordability of the preferred option within the strategic outline case.

BAF Reference 8: transformation and partnerships
Objective: to implement our plans to transform services, using digital as an enabler, to meet the needs of our local population

- significant challenges in quality, safety, performance and financial improvement will require a large-scale change programme to be mobilised at pace
- ability to recruit the required level of expertise into the improvement and innovation team
- further requirement of improvement expertise within the ICS to deliver system-wide improvement programmes
- no standardised or co-ordinated approach to leading improvement programmes across the ICS
- basic IT and estate infrastructure is poor and does not enable significant levels of transformation at pace.

BAF Reference 9: Integrated Care System
Objective: to create the conditions for collaborative working and delivery of shared goals in partnership with the ICS

- our partnerships across the ICS are critical in securing improvements in the delivery of services for local people.
- the sustainability of clinical services requires networking across the ICS and the capacity to deliver change at pace
- there is an urgent need to standardise back-office processes and functions to deliver the appropriate transformation.

BAF Reference 10: green plan/environmental, social and governance
Objective: to deliver on our plans and commitments to environmental sustainability

- infrastructure across the estate is aged and not environmentally efficient
- the existing infrastructure is aged to a point where assets cannot be easily added or replaced with environmentally efficient ones (due to the condition of the infrastructure on to which they would be attached)
- sufficient focus and priority is not given to the implementation of our green plan as resource availability is limited and focussed on operational delivery and recovery.

Financial, performance, people and quality risks

As we go into 2023/24, we have developed a series of improvement plans which will support our progress against the NOF 4 exit requirements as agreed with the ICS and NHS England Regional team. Outcomes will be measured by a monthly review of financial, quality, performance and people information by the Board, in addition to scrutiny of the impact of efficiency savings on patient safety and quality of service.

The People Committee provides assurance on activity to deliver and measure the impact of our people promise.

A Board Sub-Committee focusing on finance and performance is in place to provide additional scrutiny of productivity and the delivery of recovery plans for planned and cancer care, urgent care and diagnostics. There is a regular programme of specialty reviews which review progress against operational efficiency opportunities as demonstrated by the Getting it Right First Time programme. Our plans, which reconcile local strategic priorities with the ICS Devon forward plan have been developed to ensure recovery of operational performance and make progress towards a three-year financial recovery programme for Devon.

We have implemented a senior management-led governance groups (including the Recovery Group) as part of our oversight of operational and financial delivery and progress against NOF 4 requirements. This has been the vehicle through which efficiency programmes are planned, managed as well as supported by external partners. Cost improvement programme delivery does however remain a significant challenge as we move in to 2023/24, with changes to the NHS financial regime, ongoing high levels of inflation, and a difficult industrial relations climate.

Capital funding risks

We reported a deficit in 2022/23 and have seen reduced levels of underlying EBITDA associated over a number of years. This has significantly restricted the level of cash available for capital expenditure. As a result, we are reliant on external funding through public dividend capital to fund a significant proportion of its capital programme, such as essential repairs and replacements across all areas of expenditure, estates, information management and technology and medical equipment. The ability to invest in developmental capital necessary to further develop our care model has similarly been curtailed.

Nevertheless, we have access to significant amounts of national funding which has mitigated to a large extent the shortfall in internally generated cash. We are further developing further sources of finance through ongoing negotiation with NHSEI that will enable this risk to be addressed, including: a strategic estates partnership, lease options, bidding, largely through ICS processes for public dividend capital and, where appropriate and subject to the necessary approvals, debt financing (loans).

System cost pressures

The pressure in the 2022/23 cost base reflects increased pressure on health services in general, and the significant focus on elective, diagnostic and cancer recovery. We have also continued its targeted investment programme in safer staffing and has relied heavily on in-sourcing and out-sourcing of elective and diagnostic services to recover performance against national targets. We continue to depend on agency medical and nursing staff in a number of shortage areas. Uniquely, and most significantly in our organisation, are pressures building in continuing health care and adult social care. This is largely the result of a number of providers withdrawing from the market or experiencing financial difficulties driven by inflation and staffing pressures. As we look forward to 2023/24, sustained inflation will be a significant risk to market sustainability in the residential and nursing care sector.

The NHS Devon system-wide plans for 2023/24 have been developed in conjunction with our partners and through the Board. These have been subject to significant external support through a panel of professional advisors and scrutinised by the regulator. The Board has acknowledged that we must continue to develop our planning and delivery models, and to this end we are implementing a revised operational structure. An enhanced accountability framework and programme management office supports this model.

The financial outlook is challenging and there is significant risk to achieving the necessary level of financial improvement within our organisation and across the ICS for Devon. Our cost saving and efficiency programme in 2023/24 amounts to £46.1m, a quantum never previously achieved, which will demand significant service redesign at pace.

Urgent and emergency care

We will continue our improvement towards achieving the National UEC standards in 2023-24 specifically the 4 Hour Access Standard and 15 min Ambulance Handover Standard. The Trust will be working closely with the Emergency Care Improvement Support Team (ECIST) and the Regional Team to ensure plans are in place to support these measures. Internally an Urgent and Emergency Care Board has been established to further focus the impact on improvement.

As an integrated Care Organisation there will be a continued focus on patients with "No Criteria to Reside" (NCTR). The Trust has performed well against this metric in 2022-23. Moving into 2023-24 the opening of the Jack Sears Units provides the opportunity to go further on this standard and supports the plan of achieving 5% NCTR. This would be regarded as best practice in the region and builds on the positive reputation the Trust has developed in relation to pathway management for these patients.

Elective Waiting time for routine care

During 2023-24 the Trust will continue to pursue improvements in our waiting times in line with National priorities, as noted in our Performance Analysis, pages 18-32. The target is to have all patients who are waiting longer than 65 weeks treated by 31st March 2024. The Trust has worked very closely with NHS England to develop robust plans to support these activities, currently we expect to have cleared all patients waiting longer than 78 weeks and to reduce our 65 week waits to <1,100. Two new modular theatres will be constructed and become operational in January 2024, increasing our day surgery capacity by 50%. National recommendations on the delivery of outpatient activities will be implemented and embedded, pathways will be streamlined and technical developments will enable patients to take more control of their clinical journey.

Elective Waiting time for Cancer care

As explored within the Performance Analysis, above, the considerable improvements in our Cancer performance achieved in 2022-23 will be embedded and continued. Diagnosis of suspected Cancers and the treatment of our patients within 62 days will continue to be our main focus in the coming year. A 4th Endoscopy room will become operational in November and provide the capacity to maintain rapid diagnosis for suspected Gastro-intestinal Cancer for the longer term. The Trust is also fully engaged with Devon System plans to develop Community Diagnostic Centre's where capacity will be created in other critical diagnostic modalities.

The significant program of change in our Elective Care services described above will enable us to build upon our nationally recognised reputation for innovation in Day Surgery and Endoscopic diagnosis. Critical to this will be our ability to attract and recruit the very best people available. We know this will be a challenge and we will be inventive in our approach to ensure that our new facilities can deliver the highest standards of care for our patients.

Compliance

Care Quality Commission (CQC)

The Chief Nurse is responsible for ensuring compliance with our registration with the CQC. This is achieved by:

- reporting and keeping under review matters highlighted within inspections
- liaising with the CQC inspectors and senior clinicians and managers in response to any specific concerns raised by the CQC or by patients and members of the public
- engaging with the CQC inspectors in the inspection process and coordinating our response to inspections and any recommendations or actions that arise thereafter
- analysing trends from incident reporting, complaints and patient and staff surveys and sharing the learning from these across our services
- reviewing assurances on the effective operation of controls
- receiving assurances provides by internal audit and any clinical audit conclusions, which provide only limited assurance.
- engaging with the CQC at the standard Quarterly Engagement meetings and Monthly relationship meetings
- a yearly report on the trust's registration to Board

During 2022/23 we had no formal CQC inspection activity but continued our audit and assurance work on ensuring risk assessments were completed fully for each person, within 24 hours of admission to hospital, in line with our policy.

The audits also reviewed the documentation to ensure detailed, clear and up-to-date nursing records were recorded. as well as patients who required additional support with nutrition and hydration were quickly identified and appropriate actions taken

We also ensured the results of the audits were reviewed and acted upon appropriately and reported on at an ISU level, as well as at the Nutritional Steering Group and by exception to the Quality Improvement Group

Care Quality Commission compliance declaration

At 31 March 2023, we remain fully cognisant of and maintain compliance with our registration requirements with the CQC. The Trust is fully compliant with the registration requirements of the Care Quality Commission.

Compliance with NHS Foundation Trust condition 4(8)(b)

The assurance process described in this statement allow the Board to issue an accurate Corporate Governance Statement, required under NHS Foundation Trust condition 4(8)(b) of NHS England's provider licence, as applicable during the financial year ended 31 March 2023. It is noted that a new provider licence was issued in the year, applicable 01 April 2023; the requisite reporting for which will be reflected in the annual report and accounts for year ended 31 March 2024.

Communication with stakeholders

Our communications and engagement team works in partnership with the feedback and engagement team and the membership office to ensure that there are sufficient and robust mechanisms in place to inform the public about, and involve them in, our work.

Together we are committed to ensuring that patients, carers, staff and the public are listened to and have the opportunity to feedback on their experiences while also raising concerns and asking questions about any of our current and future activities. We work closely with our partners in the Integrated Care System for Devon (ICSD) and any formal consultation is led by the ICSD with our support and involvement as appropriate.

Our engagement and communications strategy aims to support meaningful conversations with our people and communities while our patient and service user experience of healthcare strategy helps us to hear and learn better from patient and carer experience.

This year we have undertaken public engagement with people who use our Emergency Department with the support of Healthwatch as well as focused engagement around men's health (again supported by Healthwatch).

A number of forums exist that allow the Board of Directors, Executive Directors and staff at all level to communicate with key stakeholders, including formal Board to Board and Executive to Executive meetings with local commissioners, local health and care providers, Health and Wellbeing Boards, Health Overview and Scrutiny Committees with our local authorities and regular meetings with local MPs and Healthwatch. We also have a growing number of patient and public engagement groups across our services which support us to listen to and learn from our people and communities.

These forums, supported by our other communications, engagement and feedback channels, provide a mechanism for any risks identified by stakeholders that affect us to be discussed for any action plans to be developed.

Compliance with people strategies and 'developing workforce safeguards

Our people promise and plan was approved by our Board of Directors in 2021. In line with our people promise, we have processes to ensure that short, medium and long-term people plans and people systems to ensure services are safe, sustainable and effective. Further, as part of the safe staffing review, the Chief Nurse and Medical Director confirm that staffing is safe, effective and sustainable and meet the requirements of the National Quality Board and the Workforce Safeguards Guidance (NHSI 2018).

The Board continually reviews the effectiveness of its systems of internal control. The embedding of the strengthened governance framework supports the

provision of evidenced based assurance from ward to Board. The Board reviews the organisation's performance in the key areas of finance, activity, national targets, patient safety and quality and people in the form of an integrated quality dashboard. This includes the regular presentation of performance information against key quality, people and financial metrics to the Board and its Committees. The people section contains information on monthly staff sickness as well as rolling 12-month sickness absence, staff turnover and use of temporary staffing, as well as performance against the annual staff survey. These are high level organisational metrics and data that we will continue to collate, review and analyse each month. These people metrics, together with quality and outcomes indicators and productivity measures form part of the Integrated Performance Report. A more detailed version of the Workforce metrics are reviewed by the People Committee, within the context of delivery of our people promise.

The aim of our people promise is to build a healthy culture at work where our people feel safe, healthy and supported.

Key priorities were developed based on local evidence:

1. define and deliver a consistent, compassionate and Inclusive Leadership & Management approach that is motivating, empowering and encourages accountability
2. making people's lives easier and freeing up time to work in a safe and calm way on agreed priorities.

To deliver on these two priorities, and continually improve the experience of our staff in order to deliver the best possible care, we have identified six deliverables. Under each deliverable are detailed project plans that are reported into our People Promise Programme Board and People Committee:

- Co-Create leadership framework & descriptors
- Leadership recruitment and development is based on this framework
- Equipping managers with the essential skills and confidence
- Support organisational reshape using span of control and engagement outcomes
- Workforce transformation programme to deliver clear enabling data and people process
- Development of robust strategic workforce plans and process, driving career pathways, learning/development

In terms of the wider context, we remain fully engaged with the Devon system workforce strategy, of which the main focus is centered on developing a culture and structure that facilitates trust, involvement and innovation and local empowered decision making. There is also work underway to develop a Devon-wide workforce plan in line with the Devon long term strategy. Within Torbay and South Devon we have recruited a strategic workforce planning lead, to ensure alignment to the ICS and development of both short and long term workforce planning in line with our Building a Brighter Future submission requirements.

Compliance with 'Managing Conflicts of Interest in the NHS' guidance

We have published on our website, an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by us with reference to the guidance) within the past 12 months as required by the '*Managing Conflicts of Interest in the NHS*' guidance published by NHS England.

Compliance with NHS pension scheme regulations

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

Compliance with equality, diversity and human rights legislation

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

We are committed to providing an inclusive and welcoming environment for all our staff, patients, clients, service users, carers and families. We are striving to create a culture of inclusion for all.

A range of control measures are in place to ensure the organisation complies with its obligations under equality, diversity and human rights legislation. Performance is monitored through the collection of statutory data and action plan which report through the People Committee.

The Board of Directors receives reports on diversity and inclusion issues from the Chief Nurse (patient and service user updates) and the Chief People Officer (people updates). These include any updates or changes in national mandates together with any risks or challenges.

Compliance with Climate Change Act and the adaptation reporting requirements

We have undertaken risk assessments and have a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). We ensure that our obligations under the Climate Change Act and the adaptation reporting requirements are complied with and in line with NHS net zero targets.

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

Directors are responsible for putting in place proper arrangements to secure economy, efficiency, and effectiveness in our use of resources. We have established several processes to ensure the achievement of this. These include:

- clear processes for setting, agreeing, and implementing strategic objectives based on the needs of the local population, reflecting the priorities of key partners and the Department of Health and Social Care. This includes a clear strategy for patient, client, service users, carers, and public involvement as well as our governors and public members, providing a key focus for our engagement work within Torbay and South Devon. Established objectives are supported by quantifiable and measurable outcomes
- clear and effective arrangements for monitoring and reviewing performance which include a comprehensive and integrated performance dashboard used monthly in the performance management of health and social care services and reported to the Board of Directors. The integrated finance, performance, quality and people report details any variances in planned performance and key actions to resolve them
- there is also a performance management regime embedded throughout the organisation including weekly capacity review meetings, financial recovery planning meetings, executive reviews of services, budget reviews (undertaken monthly) and regular work to ensure data quality
- Committees consider reports of external regulators and bodies, with improvement action plans developed and their implementation monitored where and as necessary
- through the Finance, Performance and Digital Committee, we have arrangements for planning and managing financial and other resources in place. These are encompassed in the Scheme of Delegation and the Standing Financial Instructions

- we use other benchmarking tools such as the Model Hospital productivity metrics to demonstrate the delivery of value for money and identify opportunities for improvement. We continue to develop our reference cost reporting data to ensure services are being provided as efficiently as possible. For procurement of non-pay related items, we have a clear procurement strategy and collaborate with other NHS bodies to maximise value through the NHS south west peninsula procurement alliance.

Compliance with information governance requirements

Continuous improvement and maintenance of good information governance standards is a key priority for the Trust. This is reflected in the Trusts commitment to the national standards set out in the Data Security and Protection Toolkit (DSPT), completed annually.

Completion of DSPT demonstrates that we are compliant with the following:

- General Data Protection Regulation (GDPR)
- compliance with the expected data security standards for health and social care for holding, processing or sharing personal data
- readiness to access secure health and care digital methods of information sharing, such as NHS mail and Summary Care Records
- good data security to the CQC as part of the Key lines of Enquiry (KLOEs).

We have appointed key roles to support our commitment to data protection by design and default. These roles are the champions of appropriate data capture, processing, security and sharing by the organisation:

- Senior Information Risk Owner (SIRO), held by Executive Director of Transformation and Partnerships is the Executive Board member who is familiar with information risks and provides the focus for the management of information risk at Board level
- Caldicott Guardian, held by Consultant for pain management and Anaesthesia is the senior person responsible for protecting the confidentiality of patient and service-user information and enabling appropriate information-sharing.
- Data Protection Officer (DPO), held by Head of Records, IG, DP and FOI is the expert in data protection and reports to the most senior levels within the organisation on risks to the privacy of individuals, and threats to the organisation

The recent Information Commissioner's Audit assessment confirmed a high level of assurance for governance and accountability, with a reasonable level of assurance for data sharing. During 2023 the areas identified for improvement have been actioned, with ongoing work to improve the procurement process, including ongoing assessment of existing contracts.

The Data Security and Protection Toolkit is supplied by NHS Digital to support the performance monitoring of Information Governance. We submitted 'standards met' for 2022/23, and expect to meet the same for 2023/24.

Information Governance incidents and risks are recorded on our risk management system. These are monitored by the Head of Information Governance for guidance and support in resolution. Summary reports and highlighted risks are discussed at information governance steering group (IGSG) chaired by the SIRO.

Incidents that score in line with regulated reporting are reported to the ICO – see summary below:

Description of incident:	Action taken (Investigation)	Lessons learned	ICO Feedback
A major supplier to the healthcare sector (Advanced Computer Software Group Ltd) suffered a cyber-attack that caused significant disruption across the UK. The incident resulted in several IT systems being taken offline. The relevance to our Trust is the Carenotes system which is used for electronic patient record software for children, young people and families	Continuous specialist meetings to recover services, and recover data.	application of multi system providers across the Devon system supported a swift recovery of daily operations. Learning to be included to IT tenders	National impact – reporting aided central assessment of scale of impact for the ICO. No specific response to the Trust
Phone call from service user to health visitor. Service user upset because 'patient held record' was not given back to service user when they left the hospital, the hospital had sent record to an unknown person. This person used social media to contact service user to say they had the record. sensitive personal information potentially disclosed.	Under investigation		

Complaints received from the ICO	Outcome
Subject Access Request – part refusal of disclosure. The disclosure time frame was delayed, beyond statutory timescales.	Upheld – The ICO approved disclosure redaction but upheld based on timescale breach.
Subject Access Request - part refusal of disclosure. The disclosure was delayed beyond statutory timescales.	Upheld – Statutory timescale breached.
Query over legal basis for processing of service user data.	Not Upheld - ICO requested the Trust communicate the Privacy Notice and an explanation to the complainant, which was duly done. Bespoke training was delivered, and learning taken to be implemented in future training.

The Trust is committed to a culture of openness and transparency as evidenced in the wide reporting of incidents. Incidents involving a breach of confidentiality, security, and records management are recorded on our incident reporting system, are assessed by the information governance team, with summary reports presented to the IGSG as a sub group of the Information Management and Technology Group (IM&T).

Data quality and governance

Performance dashboards are used across the organisational governance structures to give monthly oversight of key metrics covering quality, workforce, performance and finance. Each of the specialist areas has its own processes for assurance on data quality and reporting accuracy. Fortnightly, performance, risk and assurance meetings are held by service leads with oversight from the Chief Operating Officer. Performance benchmarking including model hospital and third-party benchmarking including Dr Foster, 'Gooroo' Planner (referral to treatment data ('RTT') and NHSEI

performance benchmarking is used to triangulate data and support assurance of data quality and reporting accuracy.

Clinical coding is a key source of intelligence for us, creating an asset that is used as a key intelligence resource, and carries financial implications. During COVID the coding team switched to a home working model which saw a decrease in quality due to staff not having access to paper records. Incident data and medical record audit data can be used to assess the quality of paper medical records. There are recordings of records found to hold documents relating to different patients, incorrectly filed and potentially acted upon, causing a clinical risk. These long-standing issues are recognised across the NHS and are a factor in the electronic patient record (EPR) investment we are making. Training is in place to promote paper-based record keeping standards.

The Information Assurance Group, run by the Head of the Data Warehouse assesses data quality in the Trust Information Assets and provides assessment and assurance to the IM&T group, as a route to the Board. A primary focus across the Health Informatics Service (HIS) has been initial consideration in readying the organisation for an EPR development; one area identified for improvement is the data held in the Electronic Staff Record (ESR).

We have previously implemented recommendations from the commissioned PWC review of data quality which was part of the annual plan assurance process. In 22/23, an example of quality assurance work was the commissioning of a third party organisation to assess data quality in waiting lists, this process followed a full governance assessment process including DTAC; outcomes from this work will be delivered in 23/24. Our Data Warehouse team has worked nationally to ensure that the script, pull and disclosure of information is accurate, following the local identification of a national glitch in request and assessment.

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, corporate and clinical audits as well as operational and governance reporting mechanisms, supported by the knowledge, capability and accountability of the executive managers and clinical leads, each of whom have responsibility for the development and maintenance of the internal control framework in their respective areas. I have also drawn on performance information available to me, as well as comments made by the external auditors in their management letter and other reports.

I have been advised on effectiveness of the system of internal control during the year by the Board, and its sub-committees: including the Audit and Risk Committee; Quality Assurance Committee; Finance, Performance, and Digital Committee; Building a Brighter Future Committee and People Committee, and in addition the Executive Group and risk group. Where identified, weaknesses are addressed or a plan is put into place to mitigate them, so as to ensure continuous improvement of the system is in place.

Core documentation underpinning our system of internal control (including accountabilities and delegations) include but is not limited to: the Trust Licence and Constitution, Committee Terms of Reference, Matters Reserved to the Board, standing orders, scheme of delegation and standing financial instructions as well as both corporate and operational policy, procedure guidelines and standard operational procedures.

The Board assurance framework, as a mechanism for monitoring strategic delivery in a risk-based way, provides me with evidence of the effectiveness of controls and that any gaps are being addressed with appropriate action. My review has also been informed by the major sources of assurance on which reliance has been placed during the year.

These sources include reviews carried out by our external auditor Grant Thornton LLP, Deloitte LLP, Care Quality Commission, Internal Audit, Good Governance Institute and the Health and Safety Executive.

The following Committees and groups are involved in maintaining and reviewing the effectiveness of the system of internal control:

- the Board of Directors has overall accountability for the governance arrangements, including the committee structure, and ensuring we adhere to our constitution and apply our standing orders, scheme of delegation and standing financial instructions correctly. The Chairs of each of the Board sub-committees present a report to the next available Board meeting for the purpose of providing assurance on matters within its terms of reference. Urgent matters if requiring escalation to the Board are reported by the Committee Chair in the intervening period. The Board has agreed, in conjunction with the Council of Governors, the strategic objectives for the organisation. The Executive Directors have assessed
- the risks to their achievement, along with risk controls and assurance mechanisms. As part of this risk assessment process, gaps in controls and assurances have been highlighted. This information is incorporated in our Board assurance framework document reviewed regularly by the Board of Directors;
- the Audit and Risk Committee is responsible for establishing an effective system of internal control and risk management and provides an independent assurance to the Board. The Committee takes an overview of the organisation's governance activity by reviewing the statement on internal effectiveness and Annual Governance Statement. Reports from the internal auditors and external auditor also provide assurance. The Committee also reviews on a regular basis, the risks that are described in the Board assurance framework. The Committee has oversight of and relies on the work of the risk group to monitor the risk management process and risk registers. The Committee has oversight of expressions of concerns and whistleblowing arrangements. The Audit and Risk Committee is chaired by a suitably qualified Non-Executive and membership comprises the Chairs of each of the Board Sub-Committees;
- the Quality Assurance Committee provides the Board of Directors with assurances of clinical effectiveness through scrutiny of patient quality and safety, patient experience, medicines management and staffing. It monitors selected quality metrics and ensures the organisation has robust systems in place to learn from experience. It receives reports from specialist governance groups and Boards e.g. statutory safeguarding partnership boards; patient safety; and serious incidents and undertakes a deep-dive review into a service or specialty at

each meeting. The Quality Assurance Committee is chaired by a Non-Executive Director and reports to the Board of Directors;

- the Finance, Performance and Digital Committee oversees, co-ordinates, reviews and assesses our financial, performance and digital management arrangements, including monitoring the delivery of the NHS long-term plan and supporting annual plan decisions on investment and business cases. The Committee provides the Board with an independent and objective review of, and assurances, in relation to significant financial, performance and digital risks which may impact on our financial viability and sustainability. It provides detailed scrutiny of financial, performance and digital matters in order to provide assurance and raise concerns (if appropriate) to the Board of Directors. It also assesses and identifies risks within the finance, performance and digital portfolio and escalates as appropriate. The Finance, Performance and Digital Committee is chaired by a Non-Executive Director and reports to the Board of Directors;
- the Building a Brighter Future Committee was established in 2020 for the purpose of providing assurance to the Board regarding the processes, procedures and management of the new hospital programme and to support the successful achievement of the programmes investment objectives and realisation of the stated benefits. It also aims to assure the Board of the achievement of the objectives set out in the programme, that approved projects are being effectively managed and controlled and confirm that projects are delivering the stated benefits, are value for money, and are ultimately affordable;
- the risk group oversees the risk management process at operational level, ensuring that risks are managed and/or escalated in line with the risk management strategy. It promotes effective risk management and compliance and supports maintaining a dynamic Board assurance framework and risk management database where risks are registered. It also ensures local level responsibility and accountability and will challenge risk assessment and risk assurance arrangements in areas of our activity where robust controls are not evident in order to raise standards and ensure continuous improvement. The risk group is chaired by the Chief Finance Officer.

My review is also informed by the Head of Internal Audit Opinion which states that satisfactory assurance can be given that there is a generally sound system of internal control, designed to meet the organisations objectives, and controls are generally being applied consistently. Weaknesses in the design and/or inconsistent application of controls in some key areas put the achievement of particular objectives.

During 2022/23, internal audit undertook 16 substantive reviews and a high-level assessment of our governance arrangements, all of which informed the Head of Internal Audit Opinion for 2022/23. Internal audit reports are received by the Risk Group for review and action and are presented to the Audit and Risk Committee for assurance. Action plans and progress are reported in detail to each subsequent Audit and Risk Committee meeting as part of internal audit's follow-up process. This process includes a programme of review of improvements in practice in response to limited assurance reviews by the Audit and Risk Committee, including presentation of the action plan to the Audit and Risk Committee by the Executive Lead Director. The internal auditor takes a risk-based approach to formulating the annual work plan for agreement with management prior to final approval by the Audit and Risk Committee.

External audit provides independent assurance on the Annual Accounts, Annual Report and the Annual Governance Statement.

Significant internal control issues:

Gaps in internal control or assurance which arise during the year are identified in a multitude of ways as a result of the effectiveness of our internal controls; three principle ways that any such gaps are captured and reported are through the Board Assurance Framework, Risk Management Framework and audit, both internal and external. Such gaps are identified and corresponding actions are set and managed

Notable matters which impacted on the effectiveness of our internal controls and commentary on corresponding actions taken, which arose during 2022/23 are summarised below:

- The Trust outsources elements of its transactional financial services to two third party suppliers namely NHS Shared Business Services (SBS) and the NHS Electronic Staff Record (ESR) Programme. Assurance on the effective operation of the control environments with these suppliers is gained through various measures, including independent auditors' reports. The national independent audit on the NHS Electronic Staff Record Programme for the period 1 April 2022 to 31 March 2023 has received a qualified opinion. The Trust is satisfied that there are compensating controls at the Trust that are sufficient to mitigate the control deficiencies with the third party and is furthermore assured by the additional procedures performed and conclusion reached by external audit.
- The Head of Internal Audit opinion report noted the following audits as having received Limited assurance:
    - Emergency Preparedness, Resilience and Response (EPRR) – Post Incident Debriefs
    - Medical Staffing – New L2P Job Planning System – Progress with Project
    - Workforce Plan and Ongoing Workforce and Workforce Planning Considerations, Split Opinion (Limited and Satisfactory)
    - Medical Devices Training Records
    - Completion of Risk Assessments on Admittance to Hospital

These audits have been considered by the Audit Committee and detailed action plans have been identified. These are being reviewed and monitored during 2023/24 by the Audit Committee (reporting to the Board of directors). In addition, the Executive leads, as well as Team as a whole, are reviewing operational progress routinely.

Conclusion

In concluding my review on the overall system of internal control, I am assured that:

- the Board, Executive Directors, senior management and staff of the organisation, have identified and are managing the risks we face, with escalation of risk events, an effective process for keeping risk scores up to date and flagging any risk and control concerns
- there is an appropriate risk management framework embedded in the organisation along with there being no major concerns from the undertaking of an effective programme of independent, risk-based monitoring
- our internal auditors and other independent assurance providers such as external auditors, have no major concerns from their risk focussed programme of independent assurance.

My review therefore confirms that no significant internal control issues have been identified for the financial year ended 31 March 2023 and up to the date of approval of the annual report and accounts.

Liz Davenport, Chief Executive

28 June 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS OF TORBAY AND SOUTH DEVON NHS FOUNDATION TRUST

The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of HM Treasury, directs that these accounts give a true and fair view of the state of affairs of the trust and of the income and expenditure, other items of comprehensive income and cash flows for the year. In preparing those accounts, the directors are required to:

- apply on a consistent basis accounting policy laid down by the Secretary of State with the approval of the Treasury
- make judgements and estimates which are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts and
- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the trust and to enable them to ensure that the accounts comply with requirements outlined in the above-mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts.

The directors 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 trust's performance, business model and strategy.

By order of the Board

Liz Davenport, Chief Executive

28 June 2023

David Stacey, Chief Finance Officer

28 June 2023

Appendix A – Biographies of the Board of Directors as at 31 March 2023

Richard Ibbotson **Chairman** **Appointed:** **June 2014** **Reappointed:** **April 2017** **June 2020** **June 2021** **March 2022** **March 2023**	Sir Richard Ibbotson was appointed as Chair in June 2014, shortly after retiring from a career in the Royal Navy. This included periods in command of Britannia Royal Naval College Dartmouth, Commander British Forces Falkland Islands and Deputy Commander-in-Chief Fleet (effectively Chief Operating Officer of the Royal Navy and Royal Marines). He has considerable experience in operating at Board level and dealing with operational pressures and challenging budgets. As well as being knighted for his services, Richard is a Companion of the Most Honourable Order of the Bath and holds the Distinguished Service Cross and the NATO meritorious service medal. His academic background includes a degree in chemistry, a master's degree in defence technology, and an honorary doctorate in technology. He also holds other public roles, notably as a Deputy Lord Lieutenant for Devon. Richard has been a Governor of Plymouth University and Chairman of the Royal Navy Royal Marines Charity and was a Member of the Armed Forces Pay Review Body. Richard is Chair of the Council of Governors, the Non-Executive Nominations and Remuneration Committee and the Governor Nominations and Remuneration Committee.
Liz Davenport: Chief Executive **Appointed:** **October 2018**	Liz as Chief Executive is responsible for the overall management of Trust activities delivering high quality services to the standards set within the resources available. As Accountable Officer she is responsible for ensuring that the Trust meets all of its statutory duties. Liz started work in the Trust in Torbay in September 2014 and was appointed as the Chief Operating Officer for the Integrated Care Organisation in January 2015. She took a key role in leading the implementation of the integrated care model, including the development of community services. Liz was appointed in October 2018 as the Trust's substantive Chief Executive following a period in the Interim role. Liz has a clinical background, and has been employed in the NHS since qualifying in 1986 as an Occupational Therapist. She has a passion for service improvement and transformation designed to improve outcomes and experiences for people in our communities making the best use of resources and evidence of what works well. Her career started in mental health services where she was involved in the setting up of community services for people with mental health needs. She has subsequently continued to work in a number of NHS organisations across the country leading on a number of service improvement projects in mental health, learning disabilities and social care services. She has also held a broad portfolio of Executive Director positions including Director of Operations, Director of Workforce and Organisation and Deputy Chief Executive in Devon Partnership Trust before making the transition to Acute and Community services in Torbay.

Chris Balch **Non-Executive Director** **Appointed:** **April 2019**	Chris Balch joined the Board as Non-Executive Director in April 2019. Chris is Emeritus Professor of Planning at Plymouth University and is a Chartered Town Planner and Surveyor. Prior to his academic career he held senior executive positions with an international property advisory company, latterly as Managing Director of DTZ UK & Ireland, now part of Cushman & Wakefield. He has extensive experience of providing consultancy advice to public and private sector clients across the UK and overseas specialising in the planning and delivery of major regeneration projects and programmes. He has been Chair of Basildon Renaissance Partnership, a member of the Council of Essex University, a Director of Torbay Development Agency and Non-Executive Chairman of Hilson Moran, a consultancy specialising in the energy performance of complex buildings. He is currently a member of the Supervisory Board of Ecorys BV, a European policy and research consultancy and is a Trustee and Vice-Chair of South West Lakes Trust. He is Independent Advisor to the Development Committee of Live|West and will join the Board of LiveWest from September 2023. His interest lies in tackling the underperformance of places and managing positive change within professional organisations and communities. Chris is Chair of the Building a Brighter Future Committee (previously known as the HIP2 Redevelopment Committee). He is also a Board member and Chair of the Trust's subsidiary SDH Innovations Partnership LLP.
Jacqui Lyttle **Non- Executive Director and Senior Independent Director** **Appointed: October 2014** **Reappointed: October 2017** **October 2020** **October 2021** **October 2022**	Jacqui Lyttle joined the Board as a Non-Executive Director in October 2014 having spent over 20 years working in the NHS at very senior manager and executive board level before establishing her own healthcare consultancy in 2008. She has a genuine passion for improving care for patients and speaks both nationally and internationally on quality and service improvement, commissioning for outcomes and the management of change within healthcare. Jacqui has an interest in the management of pain and is an executive member of the Chronic Pain Policy Coalition a standing committee of an all Parliamentary Party Advisory Group. Other areas of interest include rheumatology, dermatology, endocrinology, cardiology and oncology with Jacqui working extensively in these areas across the UK Jacqui continues to work actively within the NHS, undertaking service reviews and leading on large scale quality improvement programmes and acts as an executive commissioning advisor to several Royal Colleges and health related charities including Action on Pulmonary Fibrosis, Neuroendocrine Cancer UK and Diabetes UK. Jacqui is a lecturer on the NHS for Health Education England and has a keen interest in developing future clinical leaders. She is also an NHS advisor to several professional bodies including the British Society for Rheumatology and the British Association of Dermatology. Jacqui is Chair of AGE UK Torbay. Jacqui is Chair of the Quality Assurance Committee and the Torbay and South Devon NHS Charitable Funds Committee and is the Trust's Senior Independent Director.
Vikki Matthews **Non- Executive Director** **Appointed: December 2017** **Reappointed: December 2020**	Vikki Matthews joined the Board as Non-Executive Director in December 2017. She is currently the Executive Director for People and Culture at Health Education England, prior to which she was the Executive Director for People and Comms at South Western Ambulance Service. Previously she ran her own coaching and consulting business. She was also the Chief Talent Officer for Plymouth University and held several Global and EMEA-wide Director level roles for Nike based in Holland and the USA.

	Vikki Chaired a Multi Academy Trust based in Plymouth from 2012-2017 and is currently the Company Secretary for a small education charity in Brighton. Vikki is Chair of the People Committee
Paul Richards **Non- Executive Director** **Appointed: November 2017** **Reappointed:** **November 2020**	Paul Richards joined the Board as a Non-Executive Director in November 2017. Highly experienced at Board level in both public and private sector organisations, Paul applies strategic insight and constructive challenge on complex organisational issues and drives improvements in performance and outcome. He has been director and SRO for numerous Programmes in the EPR and Clinical Systems space ranging from design, build, test and through to implementation and benefits realisation. He has been a leader of several major international EPR and clinical supplier companies and within large professional services organisations and has worked extensively internationally. Paul has a strong track record of leading multiple large, technology based/digital businesses to sustainable growth and success through working in partnership with stakeholders and boards in a variety of board roles. He has decades of experience working internationally, across the private and public sector and has repeatedly been called in to bring in new ways of working, governance arrangements and renewed focus. Throughout his career Paul has served on the European HIMSS Governing Council, TECHUK (formerly INTELLECT) Health Council, he is a Fellow of: the British Computer Society (FBCS); the Royal Society of Arts (FRSA); and the Institute of Directors (FIoD). Paul has a passion for improving and connecting health and social care though digital adoption and health tech and the benefits these solutions bring to clinical outcomes, the patient and service user experience and to clinicians and carers. He continues to have a variety of business interests. Paul is a Chair of the Torbay Pharmaceuticals Board and a member of the Building a Brighter Future Committee.
Robin Sutton **Non- Executive Director** **Appointed:** **May 2016** **Reappointed:** **May 2019**	Robin Sutton joined the Board as Non-Executive Director in May 2016. Robin is a Chartered Accountant with over thirty years of financial experience gained at a senior level for both private and public enterprises in both executive and Non-Executive Director roles. Robin has previously held Non-Executive Director and senior positions at several multi-national organisations including Sifam, JDS Uniphase, CompAir Holman, Rolls-Royce PLC and Deloittes. Robin's interest in healthcare stems from a variety of different factors, ranging from consulting for Lowell General Hospital in Massachusetts through to working with Novartis in developing ultrafast fibre laser technology for eye surgery. He has also been heavily involved with care services and social care covering a spectrum of services from meals on wheels, day care, supported living and residential care. Robin currently has local business interests in the care industry and is the Chair of Devon Care Homes Collaborative. Robin has also enjoyed completing an Innovating in Healthcare program with Harvard University with a team of like-minded people looking at smart phone applications in the field of dementia. Robin is Chair of Audit Committee, Non-Executive Director of Torbay Pharmaceuticals and a Director of the Trust's subsidiary SDH Developments Limited.

Siân Walker-McAllister **Non-Executive Director** **Appointed:** **September 2022**	Siân Walker-McAllister joined the Board as a Non-Executive Director in September 2022. Siân is an independent social care consultant, a Registered Social Worker, and an Associate of the Association of Directors of Adult Social Services. A former local authority Director of Health & Social Care, Siân has over 40 years' experience of working in social care in London, the South-West and in Wales. As a former Housing Association Director, Siân was responsible for the delivery of a wide range of commissioned social care services as well as supported housing in London and the south-east and in Devon. Alongside her role as a Non-Executive Director with us, Siân currently chairs two Safeguarding Boards in the south-west region, and co-chairs the National Safeguarding Adult Board Chairs' Network. Siân is concluding two terms of office as a Commissioner for the Jersey Care Commission in 2023. Siân has a wealth of experience of non-executive director roles across a local authority, the NHS, Housing Associations, and the voluntary sector. Siân is driven by a passion for excellence, ensuring all services to vulnerable people are person-centred, easy to access and importantly promote independence, while ensuring people are safe.
Richard Crompton **Non-Executive Director and Vice Chair** **Appointed:** **August 2022**	Richard joined the Board as a Non-Executive Director in August 2022. Richard was a police officer for 32 years beginning his career in the Metropolitan Police. He served for 19 years in Devon and Cornwall holding various ranks in Plymouth, Torbay and Exeter. He transferred to Cumbria Constabulary in 2001 before moving to Lincolnshire Police as Deputy Chief Constable and later as Chief Constable. Richard held national responsibility for policy in relation to Vulnerable Adults, Vulnerable and Intimidated Witnesses, Wildlife and Environmental Crime, and for Neighbourhood Policing and Partnerships. He chaired the East Midlands Association of Chief Police Officers leading a major programme of collaboration across the five forces. In August 2012 on retiring from policing Richard was appointed chairman of University Hospitals Plymouth NHS Trust and served in that capacity until July 2022. He has also chaired the Adult Safeguarding Boards of Somerset and Wiltshire, and was the independent chairman of the safeguarding panel for Dimensions. Richard is now a non-executive director on the Dimensions Group Board, and as part of his responsibilities he chairs the Board of Discovery Somerset, a Social Enterprise and Dimensions subsidiary which provides support for learning disabled and autistic adults in Somerset, a national provider of personalised social care services for people with learning disabilities and autism. Partnership working, addressing inequalities and improving services to the most vulnerable have been constant themes throughout his career. Richard is chair of Finance, Performance and Digital Committee and Vice-Chair for the Non-Executive Nominations and Remuneration Committee.
Peter Aitken: Associate ***Non-Executive Director*** **Appointed:** **January 23**	A medical graduate of the University of Glasgow in 1987 Peter moved to London for post-graduate training at the Royal Free Hospital then St George's Hospital Medical School. He completed vocational training in General Practice and worked as a Primary Care Physician in Accident & Emergency and as mental health adviser to NHS Tooting Walk-In-Centre and NHS Direct Croydon at their inception. Retraining in the psychiatry of general hospital patients he was consultant liaison psychiatrist at St George's Hospital London and University Hospitals Southampton before moving to Exeter in 2002. His career interests are the psychological care of medical patients and suicide prevention. He has published in both fields leading national policy in the design of liaison psychiatry services and

	management of high-risk locations for which he was recognised as 'Psychiatrist of the Year' in 2016. He is Chief Medical Officer at Sussex Partnership Foundation NHS Trust and National Clinical Director for the NHS England DASV Program. He is past Chair, Faculty of Liaison Psychiatry, Royal College of Psychiatrists and previously trustee at Anthony Nolan and member of the steering group for the Zero Suicide Alliance. He is Chair of the RNLI Medical Advisory Committee, mental health adviser to the National Association of Primary Care, trustee at the Lions Barber Collective and He is a practicing Consultant Psychiatrist.
Ian Currie **Executive Medical Director** **Appointed:** **September 2020**	Ian is responsible for provision of high quality, safe and effective care and providing medical input into shaping strategy. Ian joined the Trust in 1998 as Consultant Vascular Surgeon, having previously been Senior Registrar in General and Vascular Surgery at Plymouth Hospitals NHS Trust. Prior to this, Ian worked at several hospitals in the South West, including Cheltenham General Hospital, Bristol Hospitals, Gloucestershire Royal Hospital, as well as John Radcliffe Hospital in Oxford. This period also included a year spent working in Sydney, Australia. Ian has a long-standing interest in integrated care models, urgent and emergency care and elective care, and has held a range of appointments in educational and leadership roles throughout his career. He has a strong interest in prevention and previously developed and led the South Devon and Exeter Abdominal Aortic Aneurysm screening programme.
Adel Jones **Director of Transformation and Partnerships** **Appointed:** **July 2019**	Adel joined the Trust Board in July 2019 and holds the Executive accountability for; the development of the Trust Strategy, the delivery of Improvement and Innovation, both within the Trust and across the ICS and Local Care Partnership, the delivery of the Trust Digital Strategy and the leadership for the Health Informatics Service, Communications and Engagement, strategic partnerships and the delivery of the Building a Brighter Future (New Hospital Programme). Adel has significant experience of large-scale transformational change across health and social care, developing new models of acute and emergency care, integrating health and care services in the community and driving operational efficiency through new ways of working. With extensive experience in strategic planning, workforce re- design, quality improvement and operational management, Adel has worked across many sectors over the last 25 years, including primary care, strategic health authority, acute and community health and care services. Before joining us in 2019, Adel was the Integration Director at the Royal Devon and Exeter Hospital. In leading the digital portfolio, Adel has a keen interest in digital innovation and is joint chair of the NHS Providers Digital Boards Programme and is the Senior Information Risk Owner for the Trust.
Deborah Kelly **Chief Nurse** **Appointed:** **August 2020**	Deborah Kelly is responsible for the quality and safety of the care provided by the Trust, including infection prevention. Deborah joined the Trust in August 2020 and as Chief Nurse leads on several objectives including quality, professional practice, patient experience, safeguarding, and clinical governance. Deborah qualified as a nurse in 1985 and has spent the majority of her career working in London in a range of leadership roles in community, acute and tertiary services. Deborah was previously Deputy Chief Nurse for Barts Health NHS Trust and more recently returned from working in the Middle East as the Deputy Chief Nurse and Chief Nurse for Informatics at Sidra Medicine, Doha Qatar. In her previous roles she has devised quality, clinical governance and patient experience strategies, ensuring that staff and patients

	voice are heard. Deborah feel passionately around creating opportunities to empower staff and has successfully introduced models of shared governance, enabling staff led change and improvement. Her work around patient and public engagement was cited as best practice internationally by the Canadian Agency for Drugs and Technologies in Health 2017 and she has successfully partnered with the Kings Fund in 2015/16 through the Collaborative Pairs Programme.
David Stacey **Chief Finance Officer & Deputy CEO** **Appointed:** **January 2020 (CFO)** **July 2021 (DCEO)**	Dave Stacey is responsible for the Foundation Trust's financial planning and performance, workplace environments and capital & commercial development. He is also the Deputy Chief Executive of the Trust. Dave joined the Foundation Trust in January 2020 from North Middlesex University Hospital, where he spent three years as Director of Finance leading a successful financial turnaround, securing significant external funding for large capital programmes and overseeing a major digital transformation programme. His previous roles include Deputy Director of Transformation at Chelsea and Westminster NHS FT, where he played a pivotal role in the successful integration of West Middlesex Hospital, and Director of Strategy at England's biggest mental health trust, West London Mental Health. Prior to joining the NHS in 2013, he spent 7 years in KPMG's healthcare team, delivering audit and advisory services to a range of UK and international healthcare organisations.
Jon Scott **Interim Chief Operating Officer** **Appointed:** **October 2022**	Jon Scott is responsible for developing, implementing and ongoing oversight of health and social care delivery for our Torbay and South Devon population. He is also responsible for overseeing our health and safety and security management functions. Jon has worked within healthcare systems since 1995. Jon's most recent role was as Chief Operating Officer for the Bristol, North Somerset and South Gloucestershire Integrated Care Board. Prior to that Jon has been a Chief Operating Officer of 17 Acute trusts of all sizes and make-up including Barts Health, Addenbrookes, Portsmouth and Manchester. Jon has a reputation for operational improvement and has worked with teams to win several national awards and been recognised by the Secretary of State for Health and Social Care. Jon is a faculty member of the Institute for Healthcare Improvement and of Deloittes (New Zealand).
Michelle Westwood **Chief People Officer** **Appointed:** November 2022	Michelle leads the People Directorate and is responsible for the delivery of our People Promise – to build a culture at work where our people feel safe, healthy and supported, and where there is a consistent, compassionate and inclusive leadership and management approach, that is motivating, empowering and encourages accountability. Michelle is a strategic HR leader, with significant knowledge of workforce matters, including introducing new ways of working, leading retention campaigns, and in the development of programmes to support leadership development, capability and organisational culture. She joined us in November 2022, following a 20-year career in the Royal Navy where her last appointment was the Programme Director of the Royal Navy's People Transformation programme. Michelle is deeply passionate about her role and enjoys building and stimulating teams, disrupting the accepted order or status quo to achieve sustainable success for people and organisations. Michelle holds a PhD in personal leadership development, and is a Fellow of the Chartered Institute of Personnel and Development. She also holds Non-Executive Director positions as Trustee of two military charities that aim to support serving military, veterans, and their families, for life.

Emily Long **Director of Corporate Governance and Trust Secretary** **Appointed:** November 2021	Emily Long, Director of Corporate Governance and Trust Secretary (non-voting Board member) Emily joined the Trust as Director of Corporate Governance and Trust Secretary in November 2022. Emily is a qualified Chartered Company Secretary and Chartered Legal Executive, specialising in corporate law, corporate governance, organisational structure, stakeholder engagement and risk management. As an experienced dual qualified corporate services professional, Emily brings a wealth of experience having worked in this capacity since 2010 in a number of different sectors: including professional services, aerospace and defence, housing, marine and events. Most recently working for Leonardo, a large international aerospace and defence and supporting the review of their corporate governance, implementing a revised Board and Committee framework, supported by a new delegation's protocol and adoption of a new Code of Governance, the Wates Principles.
Dr Joanne Watson **Health and Care Strategy Director** **Appointed:** **February 2021**	Joanne is responsible for delivering our health and care strategy which focuses on making sure our services meet the current and future needs of our people while supporting them to live well. Her unique Board-level position showcases our innovative approach to providing integrated care and ensuring the best use of the monies we will receive from the Government's New Hospital Programme. We are proud to be one of only 40 recipients of this once in a generation programme which will support us to make a real difference in how we deliver services with, to and for our people. Joanne is also the Director of Infection Prevention & Control. Taking on this role in June 2020, near the start of the COVID 19 Pandemic has required flexibility and the need to make decisions on limited information/ evidence. Our results and outcomes to date compare favourably to the national picture, Joanne joined us in 2016 as Deputy Medical Director and Consultant Physician in Acute Medicine. She is an accomplished medical leader with extensive strategic and operational experience which she has gained over many years as a senior clinician in a range of organisational and system leadership roles. Joanne held a twelve months fellowship working at the world leading Institute for Healthcare Improvement using quality improvement skills gained there in her daily work. She has been instrumental in areas of national policy such as the central role of patient experience and improvement in maternity services. Joanne qualified as a doctor in 1991, graduating from London University. Prior to joining us she was a consultant at Taunton and Somerset NHS Foundation Trust in endocrinology and diabetes. She has held positions with the King's Fund, Royal College of Physicians and the South West Academic Health Science Network.

Appendix B – Further information and contact details

To see our annual reports and accounts

You can look on our website www.torbayandsouthdevon.nhs.uk or request a copy by writing to the Foundation Trust Office, Hengrave House, Torbay Hospital, Torquay, TQ2 7AA. Large print or other formats are available on request.

To obtain additional information available under the Freedom of Information Act, refer to our public website at www.torbayandsouthdevon.nhs.uk For information not available on our public website, contact the Freedom of Information Office at Torbay Hospital on 01803 654868 or email dataprotection.tsdft@nhs.net

To hear more

During the COVID-19 pandemic, we have been holding all corporate meetings, including Board meetings and Council of Governors' meetings virtually. Once the government guidelines for the NHS enable us to meet in person we will revert to holding meetings in public. In the meantime, the public can access recordings of our Board meetings via our website.

For further information contact the Foundation Trust office on 01803 655705 or email foundationtrust.tsdft@nhs.net

To tell us what you think

About this annual report or our forward plans, contact the Communications Office on 01803 217398 or email communications.tsdft@nhs.net

To help us to improve our services

There are opportunities offered through our membership, patient involvement, our League of Friends or through donations. Contact:

- Foundation Trust Office on 01803 655705 or email foundationtrust.tsdft@nhs.net
- League of Friends on 01803 654520 or website www.thlof.co.uk
- Torbay and South Devon NHS Charitable Fund (Registered Charity No. 1052232) c/o the Charitable Funds Manager, Regent House, Regent Close, Torquay, TQ2 7AN
- The NHS across South Devon benefits enormously from the work of hundreds of volunteers, giving practical support or fundraising. If you are interested in joining our volunteers, we would welcome your enquiry. Sincere thanks to the hundreds of volunteers who support Torbay Hospital and our community and adult social care services. Contact: Voluntary Services Coordinator on 01803 656272

To complain, seek advice or information about aspects of your care our Patient Advice and Liaison Service (PALS) / Feedback and Engagement Team may be able to assist. Contact: Telephone 01803 655838 | Free phone 0800 028 2037 | Email tsdft.feedback@nhs.net

To access your health records

An application form can be obtained for records held by Torbay and South Devon NHS Foundation Trust. You may be charged a fee.

Contact: Data Protection Office on 01803 654868 or email dataprotection.tsdft@nhs.net

To find out about joining our team

As a recruit or returning to work after a break.
Contact: Recruitment on 01803 654120 or email tsdft.workwithus@nhs.net

For work experience placements

Contact: email tsdft.workwithus@nhs.net

For general health queries

Contact NHS advice by telephone on 111

Torbay and South Devon NHS Foundation Trust

Annual accounts for the year ended 31 March 2023

Foreword to the accounts

These accounts, for the year ended 31 March 2023, have been prepared by Torbay and South Devon NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

Signed ……

Name **Liz Davenport**
Job title **Chief Executive**
Date **28th June 2023**

Independent auditor's report to the Council of Governors of Torbay and South Devon NHS Foundation Trust

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of Torbay and South Devon NHS Foundation Trust (the 'Trust') and its subsidiary (the 'group') for the year ended 31 March 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 7 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022-23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Trust as at 31 March 2023 and of the group's expenditure and income and the Trust's expenditure and income for the year then ended; and
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022-23; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Accounting Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the Trust to cease to continue as a going concern.

In our evaluation of the Accounting Officer's conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group Accounting Manual 2022-23 that the group and Trust's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and Trust. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Trust and the group and Trust's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Accounting Officer is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the disclosure requirements set out in the NHS foundation trust annual reporting manual 2022/23 or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion

- the parts of the Remuneration Report and the Staff Report to be audited have been properly prepared in accordance with NHS foundation trust annual reporting manual 2022/23; and
- based on the work undertaken in the course of the audit of the financial the other information published together with the financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under Schedule 10 (3) of the National Health Service Act 2006 in the course of, or at the conclusion of the audit; or
- we refer a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the incurring of unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

We have nothing to report in respect of the above matters.

Responsibilities of the Accounting Officer

As explained more fully in the Statement of the Chief Executive's responsibilities as the accounting officer, the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions included in the NHS foundation trust annual reporting manual 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the group's and the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer has been informed by the relevant national body of the intention to dissolve the Trust and the group without the transfer of the services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Trust and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022-23).
- We enquired of management and the Audit and Risk Committee, concerning the group and Trust's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the Audit and Risk Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the group and Trust's financial statements to material misstatement, including how fraud might occur, evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - high risk and unusual journals;
  - management estimates including land, buildings and dwellings valuations for indicators of management bias;
  - fraudulent revenue recognition – we rebutted income recognition under block contract arrangements, where income could be verified to agreements with third parties. For other income streams, the Trust's ability to manipulate revenue recognition in any meaningful way, or to adopt aggressive revenue recognition policies, is determined to be low. We did not rebut this risk in relation to income relating to Torbay Pharmaceuticals due to its commercial nature.

- Our audit procedures, which related to the Trust only, involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a focus on high risk and unusual journals, including those journals processed by senior officers, year end journals created at the weekend, late posted journals, journals posted officers with super-user access, journals with blank descriptions, journals that appeared to be unauthorised, journals with related party entities identified through a review of the register of interests and journals that contained other criteria that we determined presented a higher risk:
  - testing income relating to Torbay Pharmaceuticals to supporting evidence on a sample
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and building and dwellings valuations;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communicated with management and the Audit Committee in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue, and the significant accounting estimates related to land and building valuations.
- Our assessment of the appropriateness of the collective competence and capabilities of the group and Trust's engagement team included consideration of the engagement team's;
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the health sector and economy in which the group and Trust operates
  - understanding of the legal and regulatory requirements specific to the group and Trust including:
    - the provisions of the applicable legislation
    - NHS England's rules and related guidance
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - The group and Trust's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, financial statement consolidation processes, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - The group and Trust's control environment, including the policies and procedures implemented by the group and Trust to ensure compliance with the requirements of the financial reporting framework.
- For components at which audit procedures were performed, we requested component auditors to report to us instances of non-compliance with laws and regulations that gave rise to a risk of material misstatement of the group financial statements. No such matters were identified by the component auditors.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: *www.frc.org.uk/auditorsresponsibilities* . This description forms part of our auditor's report.

Report on other legal and regulatory requirements – the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in respect of the above matter except on 28 June 2023 we identified two significant weaknesses in how the Trust plans and manages its resources to ensure it can continue to deliver its services.

- The Trust's savings target for the year ending 31 March 2024 is considerably higher than in previous years and contains significant risks to delivery. This is a consequence of the Trust not fully developing savings plans during the year ending 31 March 2023. We recommended that the Trust continue to reassess the level of risk within its savings plans in conjunction with its system partners to ensure that it is underpinned by robust assumptions and is aligned with the its workforce and activity plans. Progress against the savings target and remedial action to address shortfalls should be reported to the Board.
- The Trust's financial position at 31 March 2023 and financial plan for the year ending 31 March 2024 indicates a deteriorating financial position. The Trust does not yet have an agreed medium term plan with local healthcare system partners to make the Trust financially sustainable over the medium term. We recommended that the Trust work with its system partners to develop a credible financial plan to enable it to achieve financial stability over the medium term.

Responsibilities of the Accounting Officer

The Chief Executive, as Accounting Officer, is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibilities for the review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under paragraph 1 of Schedule 10 of the National Health Service Act 2006 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Trust plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Trust ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Trust uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Trust has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Certificate

We certify that we have completed the audit of the financial statements of Torbay and South Devon NHS Foundation Trust in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice.

Use of our report

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

Signature:

Barrie Morris
Barrie Morris, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

Date 28th June 2023

Statement of Comprehensive Income for the year ended 31 March 2023

		Group	
		Year Ended	Year Ended
		2022/23	2021/22
	Note	£000	£000
Operating income from patient care activities	3	584,635	543,680
Other operating income	4	59,437	57,860
Operating expenses	5	(660,107)	(592,287)
Operating (deficit) / surplus from continuing operations		**(16,035)**	**9,253**
Finance income	10	723	19
Finance expenses	11	(3,026)	(2,896)
PDC dividends payable		(5,835)	(4,549)
Net finance costs		**(8,138)**	**(7,426)**
Other losses, net	12	(138)	(639)
Corporation tax expense		(22)	(22)
(Deficit) / Surplus for the year from continuing operations		**(24,333)**	**1,166**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Revaluations	18	11,064	2,491
Total comprehensive (expense) / income for the year		**(13,269)**	**3,657**
(Deficit) / Surplus for the period attributable to:			
Torbay and South Devon NHS Foundation Trust		(24,333)	1,166
TOTAL		**(24,333)**	**1,166**
Total comprehensive (expense) / income for the year attributable to:			
Torbay and South Devon NHS Foundation Trust		(13,269)	3,657
TOTAL		**(13,269)**	**3,657**

Statement of Financial Position as at 31 March 2023

	Notes	Group 31 March 2023 £000	Group 31 March 2022 £000	Trust 31 March 2023 £000	Trust 31 March 2022 £000
Non-current assets					
Intangible assets	14	16,604	11,864	16,604	11,864
Property, plant and equipment	15 & 16	254,235	239,427	254,126	239,297
Right of use assets	19	21,765	0	21,765	0
Investments in associates (and joint ventures)	20	0	0	0	0
Receivables	22	1,540	1,438	1,878	1,813
Total non-current assets		**294,144**	**252,729**	**294,373**	**252,974**
Current assets					
Inventories	21	13,459	11,395	12,772	10,705
Receivables	22	39,141	27,397	39,030	27,249
Non-current assets held for sale	23	2,102	2,452	2,102	2,452
Cash and cash equivalents	24	34,734	39,342	34,645	39,008
Total current assets		**89,436**	**80,586**	**88,549**	**79,414**
Current liabilities					
Trade and other payables	25	(82,160)	(67,079)	(82,395)	(66,928)
Borrowings	27	(7,844)	(7,476)	(7,844)	(7,476)
Provisions	29	(450)	(467)	(450)	(467)
Other liabilities	26	(8,015)	(10,293)	(8,015)	(10,293)
Total current liabilities		**(98,469)**	**(85,315)**	**(98,704)**	**(85,164)**
Total assets less current liabilities		**285,111**	**248,000**	**284,218**	**247,224**
Non-current liabilities					
Borrowings	27	(54,583)	(48,338)	(54,583)	(48,338)
Provisions	29	(4,633)	(5,955)	(4,633)	(5,955)
Total non-current liabilities		**(59,216)**	**(54,293)**	**(59,216)**	**(54,293)**
Total assets employed		**225,895**	**193,707**	**225,002**	**192,931**
Financed by					
Public dividend capital		195,614	150,332	195,614	150,332
Revaluation reserve		62,093	51,538	62,093	51,538
Income and expenditure reserve		(31,812)	(8,163)	(32,705)	(8,939)
Total taxpayers' equity		**225,895**	**193,707**	**225,002**	**192,931**

The notes on pages 145 to 198 form part of these accounts

Signed  .....

Name **Liz Davenport**

Position **Chief Executive**

Date **28th June 2023**

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

Group	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2022 - brought forward	**150,332**	**51,538**	**(8,163)**	**193,707**
Impact of implementing IFRS 16 on 1st April 2022	0	0	175	**175**
Deficit for the year	0	0	(24,333)	**(24,333)**
Revaluations - property plant and equipment	0	11,054	0	**11,054**
Revaluations - right of use assets	0	10	0	**10**
Transfer to retained earnings on disposal of assets	0	(509)	509	**0**
Public dividend capital received	45,282	0	0	**45,282**
Taxpayers' and others' equity at 31 March 2023	**195,614**	**62,093**	**(31,812)**	**225,895**

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

Group	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2021 - brought forward	**130,755**	**49,152**	**(9,434)**	**170,473**
Surplus for the year	**0**	**0**	**1,166**	**1,166**
Revaluations - property plant and equipment	**0**	**2,491**	**0**	**2,491**
Transfer to retained earnings on disposal of assets	**0**	**(105)**	**105**	**0**
Public dividend capital received	**19,577**	**0**	**0**	**19,577**
Taxpayers' and others' equity at 31 March 2022	**150,332**	**51,538**	**(8,163)**	**193,707**

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

Trust	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2022 - brought forward	**150,332**	**51,538**	**(8,939)**	**192,931**
Impact of implementing IFRS 16 on 1st April 2022	0	0	175	**175**
Deficit for the year	0	0	(24,450)	**(24,450)**
Revaluations - property plant and equipment	0	11,054	0	**11,054**
Revaluations - right of use assets	0	10	0	**10**
Transfer to retained earnings on disposal of assets	0	(509)	509	**0**
Public dividend capital received	45,282	0	0	**45,282**
Taxpayers' and others' equity at 31 March 2023	**195,614**	**62,093**	**(32,705)**	**225,002**

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

Trust	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2022 - brought forward	**130,755**	**49,152**	**(10,097)**	**169,810**
Surplus for the year	0	0	1,053	**1,053**
Revaluations - property plant and equipment	0	2,491	0	**2,491**
Transfer to retained earnings on disposal of assets	0	(105)	105	**0**
Public dividend capital received	19,577	0	0	**19,577**
Taxpayers' and others' equity at 31 March 2022	**150,332**	**51,538**	**(8,939)**	**192,931**

Information on reserves

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

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

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

.

Statement of Cash Flows

	Note	Group Year ended 2022/23 £000	Group Year Ended 2021/22 £000	Trust Year Ended 2022/23 £000	Trust Year ended 2021/22 £000
Cash flows from operating activities					
Operating surplus / (deficit)		(16,035)	9,253	(16,196)	9,094
Non-cash income and expense:					
Depreciation and amortisation	5	18,956	17,326	18,935	17,306
Net impairments	6.1	9,109	(863)	9,109	(863)
Income recognised in respect of capital donations		(2,181)	(299)	(2,181)	(299)
(Increase) / Decrease in receivables and other assets		(12,600)	(5,288)	(12,637)	(5,316)
Decrease / (Increase) in inventories		(2,064)	565	(2,067)	604
Increase in payables and other liabilities		13,348	4,997	13,726	4,985
(Decrease) / Increase in provisions		(1,428)	(22)	(1,428)	(22)
Tax paid		(30)	(19)	0	0
Net cash flows from operating activities		**7,075**	**25,650**	**7,261**	**25,489**
Cash flows from investing activities					
Interest received		664	19	686	43
Proceeds from sales of financial assets		68	0	68	0
Purchase of intangible assets		(7,865)	(3,164)	(7,865)	(3,164)
Purchase of Property, Plant and Equipment		(35,569)	(31,849)	(35,569)	(31,849)
Sales of Property, Plant and Equipment		0	8	0	8
Receipt of cash donations to purchase assets		2,181	252	2,181	252
Finance lease receipts (principal and interest)		59	0	59	0
Net cash flows used in investing activities		**(40,462)**	**(34,734)**	**(40,440)**	**(34,710)**
Cash flows from financing activities					
Public dividend capital received		45,282	19,577	45,282	19,577
Movement on loans from DHSC		(3,867)	(4,805)	(3,867)	(4,805)
Other capital receipts *		0	0	37	36
Capital element of finance lease rental payments		(3,292)	(1,964)	(3,292)	(1,964)
Capital element of PFI obligations		(1,312)	(1,166)	(1,312)	(1,166)
Interest paid on loans		(706)	(833)	(706)	(833)
Interest paid on finance leases liabilities		(398)	(415)	(398)	(415)
Interest paid on PFI obligations		(1,847)	(1,753)	(1,847)	(1,753)
PDC dividend paid		(5,081)	(5,660)	(5,081)	(5,660)
Net cash flows from financing activities		**28,779**	**2,981**	**28,816**	**3,017**
Decrease in cash and cash equivalents		**(4,608)**	**(6,103)**	**(4,363)**	**(6,204)**
Cash and cash equivalents at 1 April - brought forward		**39,342**	**45,445**	**39,008**	**45,212**
Cash and cash equivalents at 31 March	24	**34,734**	**39,342**	**34,645**	**39,008**

* Other Capital Receipts for the Trust totalling £37,000 (2021/22 £36k) represents the value of loan principal repayment received from the Trust's wholly owned subsidiary company, SDH Developments Ltd

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

NHS England has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2022/23 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the 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

Note 1.1.1 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.

Note 1.1.2 Going concern

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

Note 1.2 Critical judgements and sources of Estimation uncertainty in applying accounting policies

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision and future periods if the revision affects both current and future periods.

The critical accounting judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are detailed below:

Modern equivalent asset valuation of property - key sources of estimation uncertainty

As detailed in accounting policy note 1.11.2 'Property, plant and equipment - valuation', the Trust has applied a Modern Equivalent Asset approach to valuing its Land and specialised buildings and buildings excluding dwellings. The significant estimate being depreciated replacement value, using modern equivalent methodology - both on an alternative site basis and construction methodology. The result of this valuation, based on estimates provided by a suitably qualified professional in accordance with HM Treasury guidance, is disclosed in note 18 to the financial statements. Future revaluations of the Trust's property may result in further material changes to the carrying values of non-current assets.

Note 1.2 Critical judgements and sources of Estimation uncertainty in applying accounting policies (continued)

Impairments and the estimated lives of assets - key sources of estimation uncertainty

As detailed in accounting policy notes 1.11.2 and 1.12.2, 'Property, Plant and Equipment - Measurement' and 'Intangibles - Measurement', the Trust is required to review property, plant and equipment and intangibles for impairments and the accuracy of estimated useful lives. In between formal valuations by qualified surveyors (property, plant and equipment - buildings and buildings excluding dwellings), management make judgements about the condition of assets and review their estimated lives. The Trust has been notified that it will benefit from the Government's 'New Hospial Programme'. Business cases to support this potential investment are currently being developed. If successful, potentially a significant part of the Trust's Buildings excluding Dwellings, as well as the Dwellings themselves will be replaced over the next decade. No provision for impairment of these assets has yet to take place due to two principal factors. The first being that the design of the new facility is not yet finalised and the second factor is that the financial support for such investment is still subject to business cases being approved by NHSE, the Deaprtment of Health and HM Treasury. The Trust will keep this area of financial asessment under constant review.

Provision for expected credit loss of contract receivables - critical accounting judgement

Management will use their judgement to decide when to write-off receivables or to provide against the probability of not being able to collect debt. There are significant judgements in recognition of revenue from care of patients and clients and in provisioning for disputes with commissioners, clients and customers.

Provisions - critical accounting judgement

Management will use their judgement to decide when to make provisions for probable legal and constructive obligations of uncertain timing or amount as at the reporting date. These are based on estimates using relevant and reliable information as is available at the time the financial statements are prepared. These provisions are estimates of the actual costs of future cash flows and are dependent on future events. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

The carrying amounts to the Trust's provisions are detailed in note 29 to the financial statements.

Note 1.3 Consolidation

Subsidiary

The Group financial statements consolidate the financial statements of the Trust and its subsidiary undertaking made up to 31 March 2023.
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. In accordance with the NHS Foundation Trust Annual Reporting Manual a separate income statement for the parent (the Trust) has not been prepared.

The amounts consolidated are drawn from the published financial statements of the subsidiaries for the year.
Where subsidiaries' accounting policies are not aligned with those of the trust (including where they report under UK FRS 102) then amounts are adjusted during consolidation where the differences are material. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation.

The Trust is the Corporate Trustee of Torbay South Devon NHS Charitable Fund (Registered Charity 1052232). Under International Accounting Standards the Charitable Fund is considered to be a subsidiary of the Trust. The financial results of the Charity have not been consolidated into the Trust's Financial Statements. The reason for not consolidating is that it is not thought to be helpful to reader of the Trust accounts and the Trust has elected not to consolidate on the grounds of immateriality.

Note 1.3 Consolidation (continued)

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.

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

Note 1.4 Segmental Reporting

During 2022/23 and 2021/22 the Trust did not report its expenditure to the Trust Board using a segmental reporting analysis and therefore representing the data is not possible.

Note 1.5 Revenue from contracts with customers

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

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

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. In 2022/23, the majority of the trust's income from NHS commissioners was in the form of block contract arrangements.

The Trust has received additional income outside of the block and system envelopes to reimburse specific costs incurred and other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

In 2022/23, the Elective Recovery Fund enabled systems to earn income linked to the achievement of elective activity targets including funding any increased use of independent sector capacity. Income earned by the system is distributed between individual entities by local agreement. Income earned from the fund is accounted for as variable consideration.

Revenue from research contracts

Where research contracts fall under IFRS15, 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.

Note 1.5 Revenue from contracts with customers (continued)

Revenue from Education and training (excluding notional apprenticeship levy income)

The Trust receives income through contracts with Commissioners to deliver Education and Training services to its staff. The Trust recognises the income when performance obligations are satisfied. The income is recognised in line contract values.

NHS injury cost recovery scheme

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

Note 1.6 Other forms of income

Grants and donations

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

Apprenticeship service income

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

Note 1.7 Other income

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

Note 1.8 Expenditure on employee benefits

Short-term employee benefits

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

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Scheme. Both schemes are 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. The scheme are not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the schemes are accounted for as though they are defined contribution scheme: the cost to the trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period, The 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.

Note 1.9 Expenditure on other goods and services

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

Note 1.10 Discontinued Operations

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

Note 1.11 Property, plant and equipment

Note 1.11.1 Recognition

Property, plant and equipment is capitalised where:

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

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

Subsequent expenditure

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

Note 1.11.2 Measurement

Valuation

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

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

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

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

Note 1.11.2 Measurement (continued)

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and meeting the location requirements of the services being provided. Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements.
Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has been applied to the trust's Private Finance Initiative (PFI) schemes where the construction is completed by a special purpose vehicle and the costs have recoverable VAT for the Trust.

Valuations of the Land and non specialised buildings and specialised buildings are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The latest full revaluation of the Trust's specialised building was undertaken in 2018/19 with a prospective valuation date of 31 March 2019. Full physical valuations take place every 5 years.

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

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

Depreciation
Items of property, plant and equipment are depreciated over their remaining useful 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.

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 of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively.

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

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

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

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

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

Note 1.11.3 De-recognition

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

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

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

Note 1.11.4 Donated and grant funded assets

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

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

In 2021/22 this included receipt of assets donated to the trust by the Department of Health and Social Care as part of the response to the coronavirus pandemic. As defined in the GAM, the trust applies the principle of donated asset accounting to assets that the trust controls and is obtaining economic benefits from at the year end.

Note 1.11.5 Private Finance Initiative (PFI) transactions

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

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as incurred.

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

Note 1.11.6 Useful lives of property, plant and equipment

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful economic lives are

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	6	70
Dwellings	36	48
Plant & machinery	2	25
Transport equipment	3	7
Information technology	2	15
Furniture & fittings	2	10

Finance-leased assets (including land) are depreciated over the shorter of the useful economic life or the lease term,

Note 1.12 Intangible assets

Note 1.12.1 Recognition

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

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

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

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.

Note 1.12.2 Measurement

Intangible assets are recognised 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 for operational use. They are subsequently valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

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

Amortisation
The Trust has two classes of Intangible assets, namely software licences and registered licences to manufacture Pharmaceutical licences. Both are assessed to have finite lives and these are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Note 1.12.3 Useful economic life of intangible assets

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

	Min life Years	Max life Years
Software licences	3	13
Licences & trademarks	2	10

Note 1.13 Inventories

Inventories are valued at the lower of cost and net realisable value. The Trust has a number of separate stock control systems and consequently cost of inventories is measured by either using on a first in, first out (FIFO) method or the weighted average cost method.

In 2022/23, the Trust continued to receive inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

Work in progress comprises goods in intermediate stages of production.

Note 1.14 Cash and cash equivalents

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

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

Note 1.15 Financial assets and financial liabilities

Recognition

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

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

Classification and measurement

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

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

Financial assets are classified as subsequently measured at amortised cost,

Financial liabilities classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

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

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

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

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets, the Trust recognises an allowance for expected credit losses.

Note 1.15 Financial instruments and financial liabilities (continued)

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

The Trust undertakes a regular review of its aged debt analysis to ensure that invoices are settled in a prompt manner and to ensure that any debts that show signs of being disputed are escalated appropriately. If as a consequence of an investigation the likelihood of debt recovery is remote, a provision for a potential credit loss is made. A provision for a credit loss for is applied to NHS Recovery Unit debts as advised by NHSI. The Trust also applies a provision for expected credit losses against its Adult Social Care debtors.

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

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

De-recognition

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.

Note 1.16 Leases

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

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

Note 1.16.1 The trust as lessee

Recognition and initial measurement

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

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

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

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

Note 1.16 Leases (continued)

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

Subsequent measurement

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

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

The Trust as a lessor

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

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

Finance leases

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

Operating leases

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

Note 1.16 Leases (continued)

Initial application of IFRS 16

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

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

The Trust as lessee

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

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

The Trust as lessor

Leases of owned assets where the Trust is lessor were unaffected by initial application of IFRS 16.

2021/22 comparatives

Comparatives for leasing transactions in these accounts have not been restated on an IFRS 16 basis. Under IAS 17 the classification of leases as operating or finance leases still applicable to lessors under IFRS 16 also applied to lessees. In 2021/22 lease payments made by the Trust in respect of leases previously classified as operating leases were charged to expenditure on a straight line basis.

Note 1.17 Provisions

The trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective for 31 March 2023.

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

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 2023:

	Inflation rate	Prior year rate
Year 1	7.40%	4.00%
Year 2	0.60%	2.60%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 1.30% in real terms (prior year: minus 1.1%)

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 30 but is not recognised in the trust's accounts.

Non-clinical risk pooling

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

Note 1.18 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 31 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in note 31, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

• possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

• present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.19 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.
The Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received.

An annual charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for: -

* Donated and Granted assets

* Average daily cash balances / deposits held with the Government Banking Service / National Loan Funds
* Approved expenditure on COVID-19 assets
* Assets under construction for nationally directed schemes.
* PDC dividend balance receivable or payable

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

Note 1.20 Value added tax

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

Note 1.21 Corporation tax

The Trust is a Health Service Body within the meaning of s986 Corporation Taxes Act 2010. Accordingly it is not liable to corporation tax. The Trust is also exempt from tax on chargeable gains under S271(3) of Chargeable Gains Act 1992.
There is however a power of HM Treasury to submit an order to Parliament, which will dis-apply the corporation tax emption in relation to particular activities of a NHS Foundation Trust (s987 Corporation Taxes Act 2010). Accordingly, the Trust is potentially within the scope of corporation tax in respect of activities to be specified in the order which are not related to, the provision of healthcare, and where the profits there from exceed £50,000 per annum. Until the order is approved by Parliament, the trust has no corporation tax liability.

The Trust's subsidiary company profit and losses are subject to Corporation tax, the costs and liability for which are disclosed in the Trust's consolidated financial statements.

Note 1.22 Climate change levy

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

Note 1.23 Third party assets

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

Note 1.24 Losses and special payment

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

The losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.25 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.25 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2022/23.

Note 1.26 Standards, amendments and interpretations in issue but not yet effective or adopted

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

From 1 April 2023, the measurement principles of IFRS 16 will also be applied to the Trust's PFI liabilities where future payments are linked to [a price index representing the rate of inflation]. The PFI liability will be remeasured when a change in the index causes a change in future repayments and that change has taken effect in the cash flow. Such remeasurements will be recognised as a financing cost. Under existing accounting practices, amounts relating to changes in the price index are expensed as incurred.

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

Note 2 Operating Segments

Note 2.1 Operating Segments 2022/23 and 2021/22 (Group)

The Trust's Chief Operating Decision maker is the Board of Directors.
The Board of Directors functions as a corporate decision-making body. Executive Director and Non-executive Director are full and equal members. Their role as members of the Board of Directors is to consider the key strategic and governance issues facing the Trust in carrying out its statutory and other functions

In line with IFRS 8 'Operating Segments', the Trust uses three key factors in its identification of its reportable operating segments. The factors are that the reportable operating segment: -

* engages in activities from which it earns revenues and incurs expenses

* reports financial results which are regularly reviewed by the Trust's board of directors to make decisions about allocation of resources to the segment and assess its performance

* has discrete financial information.

The Trust Board received financial information on its operation as a whole. Budgeting and investment decisions are also considered at a whole 'system' level (i.e. the impact is considered at both Trust wide and Commissioner level). Investment decisions are not purely financially driven and the complexity of the information provided to the Trust Board to support the decision making will vary depending upon the nature and scale of the investments being proposed. Accordingly the information received by the Trust Board during 2022/23 is in accordance with these financial accounts.

Note 3 Operating income from patient care activities, by nature. (Group)

All income from patient care activities relates to contract income recognised in line with accounting policy 1.5.

	2022/23 £000	2021/22 £000
Acute services		
Income from commissioners	340,288	315,030
High cost drugs income from commissioners	28,596	22,935
Other NHS clinical income	2,782	8,909
Community services		
Block contract / system envelope income	102,847	106,311
Income from other sources (e.g. local authorities)	78,446	73,476
All trusts		
Private patient income	978	633
Elective recovery fund	5,138	3,744
Agenda for change pay offer central funding *	12,079	-
Additional pension contribution central funding **	12,985	12,199
Other clinical income**	496	443
Total income from patient care activities	**584,635**	**543,680**

***T**his central funding relates to the estimated cost impact of the Substantive non consolidated pay offer to NHS employees in respect of the financial year 2022/23. This offer is still being discussed by National staffside and National NHS Management and therefore had not been cash transacted as at 31st March 2023. A contract receivable and an accrual for this value are included in Note 22. Receivables and 25. Payables as at 31st March 2023

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

Note 3.1 Income from patient care activities, by source (Group)

Income from patient care activities received from:	2022/23 £000	2021/22 £000
NHS England	80,760	57,149
Clinical commissioning groups	99,127	410,416
Integrated Care Boards	322,507	0
NHS Trusts	2,425	2,112
Local authorities	64,166	60,234
Non-NHS: private patients	880	633
Non-NHS: overseas patients (chargeable to patient)	94	45
NHS injury scheme *	478	346
Non NHS: other **	14,198	12,745
Total income from activities	**584,635**	**543,680**
Of which:		
Related to continuing operations	584,635	543,680
Related to discontinued operations	0	0

* NHS Injury Scheme Income is subject to a provision for doubtful debts of 23.76% to reflect expected rates of collection

** Non NHS Other Income is comprised mostly of Adult Social Care Client Contributions; Adult Social Care costs being means tested.

Note 3.2 Overseas visitors (relating to patients charged directly by the provider) (Group)

	2022/23 £000	2021/22 £000
Income recognised this year	94	45
Cash payments received in-year	47	27
Amounts added to provision for impairment of receivables	0	0
Amounts written off in-year	68	5

Note 4 Other operating income (Group)

	2022/23			2021/22		
	Contract income £000	Non-contract income £000	Total £000	Contract income £000	Non-contract income £000	Total £000
Research and development (contract)	1,845	-	1,845	3,024	-	3,024
Education and training (excluding notional apprenticeship levy income)	13,156	-	13,156	11,705	-	11,705
Non-patient care services to other bodies	8,190	-	8,190	8,358	-	8,358
Reimbursement and top up funding	1,127	-	1,127	3,763	-	3,763
Other income (recognised in accordance with IFRS15) *	30,236	-	30,236	27,446	-	27,446
Education and training - notional income from apprenticeship fund	-	970	970	-	989	989
Donations of physical assets (non cash)	-	0	0	-	0	0
Donated equipment from DHSC for COVID response (non-cash)	-	0	0	-	47	47
Cash donations for the purchase of capital assets - received from NHS charities	-	1,694	1,694	-	252	252
Cash grants for the purchase of capital assets - received from other bodies	-	487	487	-	-	0
Charitable and other contributions to expenditure - received from other bodies	-	347	347	-	399	399
Contributions to expenditure - receipt of equipment donated from DHSC for COVID response below capitalisation threshold	-	0	0	-	253	253
Contributions to expenditure - consumables (inventory) donated from DHSC group bodies for COVID response	-	587	587	-	851	851
Rental revenue from operating leases	-	798	798	-	773	773
Total other operating income	**54,554**	**4,883**	**59,437**	**54,296**	**3,564**	**57,860**
Of which:						
Related to continuing operations			59,437			57,860
Related to discontinued operations			0			0

* Other income (recognised in accordance with IFRS 15) includes £20.9m of sales (2021/22 £21.6m) from the Trust's Pharmacy Manufacturing Unit. Other income (recognised in accordance with IFRS 15) also includes £1.6m (2021/22 £1.4m) from hosting the Audit South West - Internal Audit Counter Fraud and Consultancy Services

Note 4.1 Additional information on contract revenue (IFRS 15) recognised in the period (Group)

	2022/23 £000	2021/22 £000
Revenue recognised in the reporting period that was included within contract liabilities at the end of the previous period	9,915	7,417
Revenue recognised from performance obligations satisfied (or partially satisfied in previous periods)	0	0

Note 4.2 Transaction price allocated to remaining performance obligations (Group)

	31 March 2023 £000	31st March 2021 £000
Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:		
within one year	8,015	10,293
after one year, not later than five years	0	0
after five years	0	0
	8,015	**10,293**

Note 4.3 Income from activities arising from commissioner requested services (Group)

Under the terms of its provider licence, the trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	2022/23 £000	2021/22 £000
Income from services designated as commissioner requested services	552,959	526,661
Income from services not designated as commissioner requested services	31,676	17,019
Total	**584,635**	**543,680**

Note 4.4 Profits and losses on disposal of property, plant and equipment (Group)

During 2022/23 the Trust disposed of a number of Property, Plant and Equipment items and Intangible assets, the net loss of which was £138,000 (2021/22 net loss of £639,000). During 2021/22 £551,000 of the net loss of £639,000 related to items of medical equipment that were originally donated to the Trust by the NHS to assist the pandemic response, which were not required and were returned during 2021/22, no further losses have been occurred against these donations during 2022/23.

Note 5 Operating expenses (Group)

	2022/23	2021/22
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	19,628	17,377
Purchase of healthcare from non-NHS and non-DHSC bodies	57,530	47,859
Purchase of social care	78,690	72,468
Staff and executive directors costs	329,503	293,570
Remuneration of non-executive directors	187	174
Supplies and services – clinical (excluding drugs costs)	35,252	36,030
Supplies and services – clinical: utilisation of consumables donated from DHSC group bodies for COVID response	582	1,315
Supplies and services - general	5,850	5,269
Supplies and services - general: notional cost of equipment donated from DHSC for COVID response below capitalisation threshold	0	253
Drugs costs (drugs inventory consumed and purchase of non-inventory drugs)	42,116	37,109
Inventories written down	93	121
Consultancy	936	362
Establishment	3,098	3,181
Premises	22,876	20,410
Transport (including patient travel)	3,626	3,026
Depreciation on property, plant and equipment	16,690	15,035
Amortisation on intangible assets	2,266	2,291
Net impairments	9,109	(863)
Movement in credit loss allowance: contract receivables/assets	1,213	777
Increase/(decrease) in other provisions	128	166
Change in provisions discount rates	(1,099)	162
Audit fees payable to the external auditor:		
audit services- statutory audit *	176	136
Internal audit costs**	335	320
Clinical negligence	8,368	8,358
Legal fees	246	465
Insurance	57	65
Research and development - staff costs	1,975	1,812
Research and development - non-staff	41	83
Education and training - staff costs	11,557	10,159
Education and training - non-staff	2,084	1,809
Education and training - notional expenditure funded from apprenticeship fund	970	989
Lease expenditure - short term leases (<=12 months)	20	0
Lease expenditure - low value assets (<=12 months)	170	0
Rentals under operating leases	0	1,367
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI)	1,338	1,254
Grossing up consortium arrangements	1,235	1,176
Other	3,261	8,202
Total	**660,107**	**592,287**
Of which:		
Related to continuing operations	660,107	592,287
Related to discontinued operations	0	0

*** External Audit Fees.** The costs reported above relates to two elements, the first being the audit of the Trust and Group reported position. Grant Thornton LLP are responsible for this element of the service. The fee for 2022/23 was £150k (2021/22 £119k), VAT being irrecoverable. The audit fee disclosed above for 2022/23 also incorporates an additional fee totalling £9k for extra audit works undertaken in 2021/22 to validate the PPE valuations. The audit of the subsidiary is now being undertaken by Bishop Fleming LLP, whereas in 2021/22 the audit of the subsidiary was undertaken by Grant Thornton LLP. The fees charged for the subsidiary's audit was £17k (2021/22, £17k) VAT being recoverable.

**** Internal Audit costs.** The costs reported above represent the pay costs of the Internal Audit and Counter Fraud services the Trust has received the benefit of during the financial years. The Trust is part of a Peninsular wide Internal Audit and Counter Fraud consortium, where resources are shared with other and recharged to other NHS organisations. For accounting purposes, Torbay and South Devon NHS Foundation Trust operates as the lead consortium member. The Trust employs a proportion of the Audit and Counter Fraud consortiums staff. The value of charges made to the Trust by other organisations is shown as a 'Grossing up consortium arrangements' cost in operating expenditure and the value of charges made by the Trust as Lead Consortium member is recorded on 'Other income' within Other Operating Income.

Note 5.1 Other auditor remuneration (Group)

	2022/23 £000	2021/22 £000
Other auditor remuneration paid to the external auditor:		
Audit-related assurance services	0	0
Total	**0**	**0**

No non-statutory fees were paid to the Trust's auditors during 2022/23 (2021/22 £0k). The Trust's external auditor was during 2021/22 also engaged to provide statutory audit services for Torbay and South Devon NHS Charitable Fund, for which the Trust is the Corporate Trustee (see also note 37.3). The Trust's external auditor resigned from this appointment in May 2022. Bishop Fleming LLP have since been appointed as the external auditor of Torbay and South Devon NHS Charitable Fund.

Note 5.2 Limitation on auditor's liability (Group)

The limitation on auditor's liability for external audit work is £2m (2020/21: £2m).

Note 6 Net impairments (Group)

Note 6.1 Net Impairments total (Group)

	Note	2022/23 £000	2021/22 £000
Net impairments charged / (credited) to operating surplus / (deficit) surplus resulting from:			
Loss or damage from normal operations	6.2	44	276
Abandonment of assets in the course of construction	6.3	646	0
Changes in market price	6.4	8,419	(1,139)
Total net impairments credited to operating surplus		**9,109**	**(863)**

Note 6.2 Loss or damage from normal operations (Group)

During 2022/23 impairments from 'Loss or damage from normal operations' totalled £44k, (2021/22 £276k) . The impairment processed in 2022/23 related to one asset (2021/22, one asset). Both impairments related to the removal of modular structures to facilitate the construction of new facilities.

Note 6.3 Abandonment of assets in the course of construction (Group)

Abandonment of assets in the course of construction totalling £646k during 2022/23 related to five construction projects totalling £633k and one item of Plant & Machinery totalling £13k. Four of the construction projects were abandoned after commissioning feasibility studies, the output of which indicated that future completion costs did not represent value for money and the one remaining construction project has been impaired due to uncertainty of the financial viability of the project. The one item of Plant and Equipment was impaired as it was no longer fit for purpose. No abandonment of assets in the course of construction took place during 2021/22

Note 6.4 Changes to market price (Group)

	2022/23 £000	2021/22 £000
Net impairments (credited) / charged to operating surplus resulting from:		
Revaluation of Trust's Buildings and Dwelling assets	8,574	(867)
Revaluation of Land	(155)	(272)
	8,419	**(1,139)**

The Trust commissioned the District Valuation Office in both 2022/23 and 2021/22 to provide an updated valuation of the Trust's properties as at 31st March 2023 and 31st March 2022 respectively. The valuation exercises consisted of desktop reviews and also application of BCIS and local indexation factors. In line with accounting standards, the assets available for sale were valued at the lower of existing use value or alternative use value; assets surplus to requirements but available for sale were valued at the higher of existing use value or alternative use value; specialised building and dwelling assets in use were valued at depreciated replacement cost and non specialised building assets were valued at open market value. The review increased the value of PPE Land, Buildings and Buildings excluding Dwellings by a net £2,645k (2021/22, £3,630k). Of the increase in value, £11,064k (2021/22, £2,491k) has been credited to the Trust's revaluation reserve and a net £8,419k has been charged (2021/22 credited, £1,139k) to Operating Expenditure as an Impairment credit/charge.

Note 7 Employee benefits (Group)

	2022/23 Total £000	2021/22 Total £000
Salaries and wages	263,711	232,433
Social security costs	24,679	21,588
Apprenticeship levy	1,208	1,125
Employer's contributions to NHS Pension scheme	29,588	27,827
Employer's contributions paid by NHSE on provider's behalf to NHS Pension scheme	12,985	12,199
Pension cost - other	59	50
Temporary staff (including agency)	14,513	13,247
Total gross staff costs	**346,743**	**308,469**
Costs capitalised as part of assets	3,373	2,608

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

Note 7.1 Retirements due to ill-health (Group)

During 2022/23 there were 5 early retirements from the trust agreed on the grounds of ill-health (2 in the year ended 31 March 2022). The estimated additional pension liabilities of these ill-health retirements is £376k (£85k in 2021/22).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension scheme.

Note 8 Pension costs

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

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

a) Accounting valuation

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

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

b) Full actuarial (funding) valuation

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

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

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

Note 9 Operating leases (Group)

Note 9.1 Torbay and South Devon NHS Foundation Trust as a lessor

This note discloses income generated in operating lease agreements where Torbay and South Devon NHS Foundation Trust is the lessor. Comparative disclosures in this note are presented on an IAS17 basis. This includes a different maturity analysis of future minimum lease receipts under IAS17 compared to IFRS 16.

	2022/23 £000	2021/22 £000
Operating lease revenue		
Minimum lease receipts	798	773
Total	**798**	**773**

Future minimum lease receipts due at 31 March 2023	**2023 £000**
- not later than one year;	671
- later than one year and not later than two years;	671
- later than two years and not later than three years;	671
- later than three years and not later than four years;	671
- later than four years and not later than five years;	671
- later than five years;	1,342
	4,697

	31 March 2022 £000
Future minimum lease receipts due at 31 March 2022	
- not later than one year;	650
- later than one year and not later than five years;	2,600
- later than five years.	1,950
Total	**5,200**

The Trust has a lease agreement with Devon Partnership Trust (DPT) which was extended for a period of 10 years from 1st April 2020. In 2022/23 this income totalled £798,000 (2021/22 £773,000). The lease income received in year and future minimum lease receipts due all relate to lease of buildings.

Note 9.2 Torbay and South Devon NHS Foundation Trust as a lessee at 31st March 2022 (IAS 17 basis)

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

	2021/22 £000
Operating lease expense	
Minimum lease payments	1,268
Contingent rents	99
Total	**1,367**

	31 March 2022 £000
Future minimum lease payments due:	
- not later than one year;	1,264
- later than one year and not later than five years;	4,191
- later than five years.	5,068
Total	**10,523**
Future minimum lease payments to be received *	10,523

* - Included in these commitments was £3.6m for Regent House, a building in Regent Close, Torquay, where an extension to the existing lease has been agreed with the landlord for a period of 10 years (rent review due in 5 years). The Trust has also entered into a new 25 year lease for part of Sherborne House, a building in Newton Abbot. The total sum of commitments for this facility totals £3.8m with rent being inflated by RPI each year.

Note 10 Finance income (Group)

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

	2022/23 £000	2021/22 £000
Interest on bank accounts	664	19
Interest income on finance leases	59	0
Total	**723**	**19**

Note 11 Finance expenses (Group)

Finance expenses represents interest and other charges involved in the borrowing of money or asset financing

	2022/23 £000	2021/22 £000
Interest expense:		
Loans from the Department of Health and Social Care	686	814
Finance leases	404	399
Main finance costs on PFI schemes obligations	999	1,091
Contingent finance costs on PFI schemes obligations	848	662
Total interest expense	**2,937**	**2,966**
Unwinding of discount on provisions	89	(70)
Other finance costs		
Total finance costs	**3,026**	**2,896**

Note 11.1 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2022/23 £000	2021/22 £000
Total liability accruing in year under this legislation as a result of late payments	0	0
Amounts included within interest payable arising from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0

Note 12 Other losses, net (Group)

	2022/23 £000	2021/22 £000
Gains on disposal of assets	3	4
Losses on disposal of assets	(141)	(643)
Total losses, net on disposal of assets	**(138)**	**(639)**

Note 13 Trust income statement and statement of comprehensive income

In accordance with Section 408 of the Companies Act 2006, the trust is exempt from the requirement to present its own income statement and statement of comprehensive income. The trust's deficit for the period was £(24,333)k; (2021/22 surplus of £1,053k). The trust's total comprehensive deficit for the period was £(13,279)k; (2021/22 income of £3,544k).

Note 14 Intangible assets - Group and Trust

Note 14.1 Intangible assets - 2022/23

Group and Trust	Software licences £000	Licences & trademarks £000	Development expenditure £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2022 - brought forward	**15,612**	**1,706**	**0**	**5,674**	**22,992**
Reclassification of existing finance leased assets to right of use assets on 1 April 2022	(40)	0	0	0	**(40)**
Additions	458	10	0	7,018	**7,486**
Impairments	0	0	0	0	**0**
Reclassifications	2,195	389	0	(2,993)	**(409)**
Disposals / derecognition	(583)	(19)	0	0	**(602)**
Valuation / gross cost at 31 March 2023	**17,642**	**2,086**	**0**	**9,699**	**29,427**
Accumulated Amortisation at 1 April 2022 - brought forward	**11,128**	**0**	**0**	**0**	**11,128**
Reclassification of existing finance leased assets to right of use assets on 1 April 2022	(4)	0	0	0	**(4)**
Provided during the year	2,170	90	0	0	**2,260**
Reclassifications	0	0	0	0	**0**
Disposals / derecognition	(559)	(2)	0	0	**(561)**
Accumulated Amortisation at 31 March 2023	**12,735**	**88**	**0**	**0**	**12,823**
Net book value at 31 March 2023	**4,907**	**1,998**	**0**	**9,699**	**16,604**
Net book value at 31 March 2022	**4,484**	**1,706**	**0**	**5,674**	**11,864**

Note 14.2 Intangible assets - 2021/22

Group and Trust	Software licences £000	Licences & trademarks £000	Development expenditure £000	Intangible assets under construction £000	Total £000
Taxpayers' and others' equity at 1 April 2021 - brought forward	**16,158**	**1,037**	**0**	**3,598**	**20,793**
Additions	539	5	0	3,933	**4,477**
Impairments	0	0	0	0	**0**
Reclassifications	240	664	0	(1,857)	**(953)**
Disposals / derecognition	(1,325)	0	0	0	**(1,325)**
Valuation / gross cost at 31 March 2022	**15,612**	**1,706**	**0**	**5,674**	**22,992**
Accumulated Amortisation at 1 April 2021 - brought forward	**10,702**	**0**	**0**	**0**	**10,702**
Provided during the year	2,291	0	0	0	**2,291**
Reclassifications	(575)	0	0	0	**(575)**
Disposals / derecognition	(1,290)	0	0	0	**(1,290)**
Accumulated Amortisation at 31 March 2022	**11,128**	**0**	**0**	**0**	**11,128**
Net book value at 31 March 2022	**4,484**	**1,706**	**0**	**5,674**	**11,864**
Net book value at 31 March 2021	**5,456**	**1,037**	**0**	**3,598**	**10,091**

Note 15 Property, plant and equipment - Group

Note 15.1 Property, plant and equipment - 2022/23

Group	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2022 - brought forward	**7,960**	**157,484**	**4,306**	**39,219**	**63,994**	**1,374**	**23,353**	**424**	**298,114**
IFRS 16 implementation - reclassification to right of use assets	0	(561)	0	(663)	(6,317)	(685)	(5,222)	0	**(13,448)**
Additions	0	10,447	53	23,789	544	39	200	339	**35,411**
Impairments	0	(8,998)	0	0	(13)	0	0	0	**(9,011)**
Reversals of impairments	155	0	0	0	0	0	0	0	**155**
Revaluations	(40)	4,354	(142)	0	0	0	0	0	**4,172**
Reclassifications	0	16,488	250	(23,426)	5,163	68	1,781	85	**409**
Disposals / derecognition	0	(11)	0	0	(9,317)	(24)	(3,304)	(24)	**(12,680)**
Valuation/gross cost at 31 March 2023	**8,075**	**179,203**	**4,467**	**38,919**	**54,054**	**772**	**16,808**	**824**	**303,122**
Accumulated depreciation at 1 April 2022 - brought forward	**0**	**61**	**0**	**0**	**41,034**	**998**	**16,416**	**178**	**58,687**
IFRS 16 implementation - reclassification to right of use assets	0	0	0	0	(1,692)	(415)	(1,332)	0	**(3,439)**
Provided during the year	0	6,687	247	0	4,769	26	1,302	70	**13,101**
Revaluations	0	(6,635)	(247)	0	0	0	0	0	**(6,882)**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Disposals / derecognition	0	(10)	0	0	(9,232)	(24)	(3,290)	(24)	**(12,580)**
Accumulated depreciation at 31 March 2023	**0**	**103**	**0**	**0**	**34,879**	**585**	**13,096**	**224**	**48,887**
Net book value at 31 March 2023	**8,075**	**179,100**	**4,467**	**38,919**	**19,175**	**187**	**3,712**	**600**	**254,235**
Net book value at 31 March 2022	**7,960**	**157,423**	**4,306**	**39,219**	**22,960**	**376**	**6,937**	**246**	**239,427**

Note 15 Property, plant and equipment - Group

Note 15.2 Property, plant and equipment - 2021/22

Group	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2021 - brought forward	**9,273**	**153,927**	**4,204**	**23,523**	**59,078**	**1,377**	**21,455**	**4,852**	**277,689**
Additions	0	1,268	12	31,327	863	29	17	45	**33,561**
Impairments	0	(1,424)	0	0	0	0	0	0	**(1,424)**
Reversals of impairments	272	2,015	0	0	0	0	0	0	**2,287**
Revaluations	115	(4,557)	(210)	0	0	0	0	0	**(4,652)**
Reclassifications	0	6,255	300	(15,631)	7,080	77	2,808	64	**953**
Transfers to/ from assets held for sale	(1,700)	0	0	0	0	0	0	0	**(1,700)**
Disposals / derecognition	0	0	0	0	(3,027)	(109)	(927)	(4,537)	**(8,600)**
Valuation/gross cost at 31 March 2022	**7,960**	**157,484**	**4,306**	**39,219**	**63,994**	**1,374**	**23,353**	**424**	**298,114**
Accumulated depreciation at 1 April 2021 - brought forward	**0**	**35**	**0**	**0**	**37,474**	**974**	**15,058**	**4,667**	**58,208**
Provided during the year	0	6,923	246	0	5,424	133	2,261	48	**15,035**
Revaluations	0	(6,897)	(246)	0	0	0	0	0	**(7,143)**
Reclassifications	0	0	0	0	575	0	0	0	**575**
Disposals / derecognition	0	0	0	0	(2,439)	(109)	(903)	(4,537)	**(7,988)**
Accumulated depreciation at 31 March 2022	**0**	**61**	**0**	**0**	**41,034**	**998**	**16,416**	**178**	**58,687**
Net book value at 31 March 2022	**7,960**	**157,423**	**4,306**	**39,219**	**22,960**	**376**	**6,937**	**246**	**239,427**
Net book value at 31 March 2021	**9,273**	**153,892**	**4,204**	**23,523**	**21,604**	**403**	**6,397**	**185**	**219,481**

Note 15.3 Property, plant and equipment financing - 2022/23

Group	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2023									
Owned - purchased	8,075	152,650	4,467	37,491	17,165	154	3,668	543	**224,213**
On-SoFP PFI contracts and other service concession arrangements	0	20,313	0	0	0	0	0	0	**20,313**
Owned - donated / granted	0	6,137	0	1,428	1,484	33	44	57	**9,183**
Owned - equipment donated from DHSC and NHSE for COVID response	0	0	0	0	526	0	0	0	**526**
NBV total at 31 March 2023	**8,075**	**179,100**	**4,467**	**38,919**	**19,175**	**187**	**3,712**	**600**	**254,235**

Note 15.4 Property, plant and equipment financing - 2021/22

Group	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2022									
Owned - purchased	7,960	133,451	4,306	38,643	16,046	79	3,014	230	**203,729**
Finance leased	0	560	0	576	4,625	270	3,889	0	**9,920**
On-SoFP PFI contracts and other service concession arrangements	0	17,598	0	0	0	0	0	0	**17,598**
Owned - donated / granted	0	5,814	0	0	1,699	27	34	16	**7,590**
Owned - equipment donated from DHSC and NHSE for COVID response	0	0	0	0	590	0	0	0	**590**
NBV total at 31 March 2022	**7,960**	**157,423**	**4,306**	**39,219**	**22,960**	**376**	**6,937**	**246**	**239,427**

Note 16 Property, plant and equipment - Trust

Note 16.1 Property, plant and equipment - 2022/23

Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2022 - brought forward	**7,960**	**157,484**	**4,306**	**39,219**	**63,786**	**1,374**	**23,353**	**424**	**297,906**
IFRS 16 implementation - reclassification to right of use assets	0	(561)	0	(663)	(6,317)	(685)	(5,222)	0	**(13,448)**
Additions	0	10,447	53	23,789	544	39	200	339	**35,411**
Impairments	0	(8,998)	0	0	(13)	0	0	0	**(9,011)**
Reversals of impairments	155	0	0	0	0	0	0	0	**155**
Revaluations	(40)	4,354	(142)	0	0	0	0	0	**4,172**
Reclassifications	0	16,488	250	(23,426)	5,163	68	1,781	85	**409**
Transfers to/ from assets held for sale	0	0	0	0	0	0	0	0	**0**
Disposals / derecognition	0	(11)	0	0	(9,317)	(24)	(3,304)	(24)	**(12,680)**
Valuation/gross cost at 31 March 2023	**8,075**	**179,203**	**4,467**	**38,919**	**53,846**	**772**	**16,808**	**824**	**302,914**
Accumulated depreciation at 1 April 2022 - brought forward	**0**	**61**	**0**	**0**	**40,956**	**998**	**16,416**	**178**	**58,609**
IFRS 16 implementation - reclassification to right of use assets	0	0	0	0	(1,692)	(415)	(1,332)	0	**(3,439)**
Provided during the year	0	6,687	247	0	4,748	26	1,302	70	**13,080**
Revaluations	0	(6,635)	(247)	0	0	0	0	0	**(6,882)**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Transfers to / from assets held for sale	0	0	0	0	0	0	0	0	**0**
Disposals / derecognition	0	(10)	0	0	(9,232)	(24)	(3,290)	(24)	**(12,580)**
Accumulated depreciation at 31 March 2023	**0**	**103**	**0**	**0**	**34,780**	**585**	**13,096**	**224**	**48,788**
Net book value at 31 March 2023	**8,075**	**179,100**	**4,467**	**38,919**	**19,066**	**187**	**3,712**	**600**	**254,126**
Net book value at 31 March 2022	**7,960**	**157,423**	**4,306**	**39,219**	**22,830**	**376**	**6,937**	**246**	**239,297**

Note 16 Property, plant and equipment - Trust

Note 16.2 Property, plant and equipment - 2021/22

Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2021 - brought forward	**9,273**	**153,927**	**4,204**	**23,523**	**58,870**	**1,377**	**21,455**	**4,852**	**277,481**
Additions	**0**	**1,268**	**12**	**31,327**	**863**	**29**	**17**	**45**	**33,561**
Impairments	**0**	**(1,424)**	**0**	**0**	**0**	**0**	**0**	**0**	**(1,424)**
Reversals of impairments	**272**	**2,015**	**0**	**0**	**0**	**0**	**0**	**0**	**2,287**
Revaluations	**115**	**(4,557)**	**(210)**	**0**	**0**	**0**	**0**	**0**	**(4,652)**
Reclassifications	**0**	**6,255**	**300**	**(15,631)**	**7,080**	**77**	**2,808**	**64**	**953**
Transfers to/ from assets held for sale	**(1,700)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(1,700)**
Disposals / derecognition	**0**	**0**	**0**	**0**	**(3,027)**	**(109)**	**(927)**	**(4,537)**	**(8,600)**
Valuation/gross cost at 31 March 2022	**7,960**	**157,484**	**4,306**	**39,219**	**63,786**	**1,374**	**23,353**	**424**	**297,906**
Accumulated depreciation at 1 April 2021 - brought forward	**0**	**35**	**0**	**0**	**37,416**	**974**	**15,058**	**4,667**	**58,150**
Provided during the year	**0**	**6,923**	**246**	**0**	**5,404**	**133**	**2,261**	**48**	**15,015**
Revaluations	**0**	**(6,897)**	**(246)**	**0**	**0**	**0**	**0**	**0**	**(7,143)**
Reclassifications	**0**	**0**	**0**	**0**	**575**	**0**	**0**	**0**	**575**
Transfers to/ from assets held for sale	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Disposals / derecognition	**0**	**0**	**0**	**0**	**(2,439)**	**(109)**	**(903)**	**(4,537)**	**(7,988)**
Accumulated depreciation at 31 March 2022	**0**	**61**	**0**	**0**	**40,956**	**998**	**16,416**	**178**	**58,609**
Net book value at 31 March 2022	**7,960**	**157,423**	**4,306**	**39,219**	**22,830**	**376**	**6,937**	**246**	**239,297**
Net book value at 31 March 2021	**9,273**	**153,892**	**4,204**	**23,523**	**21,454**	**403**	**6,397**	**185**	**219,331**

Note 16.3 Property, plant and equipment financing - 2022/23

Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2023									
Owned - purchased	8,075	152,650	4,467	37,491	17,056	154	3,668	543	**224,104**
On-SoFP PFI contracts and other service concession arrangements	0	20,313	0	0	0	0	0	0	**20,313**
Owned - donated / granted	0	6,137	0	1,428	1,484	33	44	57	**9,183**
Owned - equipment donated from DHSC and NHSE for COVID response	0	0	0	0	526	0	0	0	**526**
NBV total at 31 March 2023	**8,075**	**179,100**	**4,467**	**38,919**	**19,066**	**187**	**3,712**	**600**	**254,126**

Note 16.4 Property, plant and equipment financing - 2021/22

Trust	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2022									
Owned - purchased	7,960	133,451	4,306	38,643	15,916	79	3,014	230	**203,599**
Finance leased	0	560	0	576	4,625	270	3,889	0	**9,920**
On-SoFP PFI contracts and other service concession arrangements	0	17,598	0	0	0	0	0	0	**17,598**
Owned - donated / granted	0	5,814	0	0	1,699	27	34	16	**7,590**
Owned - equipment donated from DHSC and NHSE for COVID response	0	0	0	0	590	0	0	0	**590**
NBV total at 31 March 2022	**7,960**	**157,423**	**4,306**	**39,219**	**22,830**	**376**	**6,937**	**246**	**239,297**

Note 17 Grants & Donations of property, plant and equipment and intangibles (Group)

The Trust has benefitted from the receipt of Granted and Charitable Donations of Property, Plant and Equipment during 2022/23 totalling £2,181k (2021/22 total of £252,000). The Granted element totalling £487k (2021/22 £0k) relates to a contribution received from the University of Plymouth to enhance the facilities used by Medical Students whilst based at the Trust. Part of the Charitable funded element received during 2022/23 totalling £1,694k relates to generous Donations pledged by Torbay Hospital League of Friends totalling £1,350k for equipping costs of enhanced CT equipment and medical equipment used in the fit out of the Trust's new Ambulatory Medical Unit. A further generous sum of £300k has been received in 2022/23 from the Brixham's Hospital League of Friends to enhance the facilities of the Brixham Community Hospital and this has facilitated the co-location of General Practitioners within the hospital. The balance of the generous donations totalling £44k (2021/22 £252K) has been received from Donors to fund other developments and equipment purchases

During 2021/22 the Trust also benefited from the receipt of equipment donated by the Department of Health and Social Security (DHSC) for the NHS's response to the Covid-19 Pandemic. The total capital value of equipment received by the Trust totalled 2021/22: £47k. No further receipt of Covid related equipment has been received by the Trust during 2022/23.

Note 18 Revaluations of property, plant and equipment and intangibles (Group)

As described in note 6 to the Accounts 'Impairment of Assets', the Trust commissioned the District Valuation Office to undertake a full desk top revaluation during the course of 2022/23, namely: -

Provision of a **v**aluation for land and buildings that were surplus to Trust needs and were available for sale; provision of a valuation of land and building assets not currently available for sale and a valuation of land, and provision for buildings and dwellings in use as at 31st March 2023. In line with accounting standards, the assets available for sale were valued at the lower of existing use value or alternative use value; assets surplus to requirements but available for sale were valued at the higher of existing use value or alternative use value; specialised building and dwelling assets in use were valued at depreciated replacement cost and non specialised building assets were valued at open market value.

The overall net impact of the above revaluations has been to increase the value of the Trust's Property, Plant and Equipment items by £2,645k (2021/22 £3,630k). Of this net increase, a net expense of £8,419k has been charged against operating expenditure as an 'Impairment' (2021/22: net credit of £1,139k) and the balance of £11,064k (2021/22 £2,491k) has been credited to the revaluation reserve.

Note 19 Right of use assets - Group and Trust

Note 19.1 Right of use assets - 2022/23

Group	Property (land and buildings) *	Plant & machinery	Transport equipment	Information technology	Intangible assets	Total	Of which leased from DHSC group bodies
	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2022 - brought forward	0	0	0	0	0	**0**	**0**
IFRS 16 implementation - reclassification of existing leased assets from PPE or intangible assets	561	6,317	685	5,885	40	**13,488**	0
IFRS 16 implementation - adjustments for existing operating leases / subleases	9,444	905	200	0	0	**10,549**	580
Additions	4,358	331	35	0	0	**4,724**	428
Reversal of impairments	32	0	0	0	0	**32**	0
Revaluations	(83)	0	0	0	0	**(83)**	0
Reclassifications	0	208	0	(208)	0	**0**	0
Valuation/gross cost at 31 March 2023	**14,312**	**7,761**	**920**	**5,677**	**40**	**28,710**	**1,008**
Accumulated depreciation at 1 April 2022 - brought forward	0	0	0	0	0	**0**	**0**
IFRS 16 implementation - reclassification to right of use assets	0	1,692	415	1,332	4	**3,443**	0
Provided during the year - right of use asset	1,099	1,215	182	1,023	6	**3,525**	77
Provided during the year - peppercorn leased asset	70	0	0	0	0	**70**	70
Revaluations	(93)	0	0	0	0	**(93)**	0
Reclassifications	0	0	0	0	0	**0**	0
Accumulated depreciation at 31 March 2023	**1,076**	**2,907**	**597**	**2,355**	**10**	**6,945**	**147**
Net book value at 31 March 2023	**13,236**	**4,854**	**323**	**3,322**	**30**	**21,765**	**861**

* - Property (land and buildings) additions, value of £4,358k includes a sum of £3,600k for an asset which remained an asset under the course of construction as at 31st March 2023 but in line with IFRS16 the asset was capitalised from the recognition of the lease liability. The liability cystalising during 2022/23.

Note 20 Investments in Subsidiary, Associates and joint ventures

The Trust's principal subsidiary undertakings and investments as included in the consolidation as at the reporting date are set out in these financial statements.

The reporting data of the financial statements for the subsidiary is the same as for these group financial statements - 31 March 2023.

Investment in Subsidiary - SDH Developments Ltd

The Trust's wholly owned subsidiary company is registered in the UK, company no. 08385611 with a share capital comprising one share £1 owned by the Trust. The company commenced trading on 1st July 2013 as an Outpatients Dispensing service in Torbay Hospital and a significant proportion of the company's revenue is inter group trading with the Trust which is eliminated upon the consolidation of these group financial statements. The Group position for 2022/23 incorporates a subsidiary post-tax profit of £117k (2021/22 £113k). The subsidiary's gross and net assets at 31st March 2022 were £2,179k (2021/22 £2,289) and £893k (2021/22 £776k) respectively. The management of the subsidiary company produce their own tax computations, supported with professional advice which due to ethical standards the auditors can no longer produce. There has been no significant change in the trading risks during the course of this year.

Investments in associates and joint ventures outside of the government accounting boundary

	Group and Trust	
	2022/23	2021/22
	£000	£000
Carrying value at 1 April - brought forward	**0**	**65**
Transfer to assets held for sale	0	(65)
Carrying value at 31 March	**0**	**0**

During 2016/17 the Trust invested £35,000 in a Limited Liability Partnership trading as 'Health and Care Innovations LLP'. A further £30,000 investment was made by the Trust during 2019/20. The Trust held a 50% equity stake in the business. The principal purpose of the LLP was to develop, produce and market healthcare related educational videos. During 2021/22, the Trust agreed to sell its stake in the business, with this sale due to be completed in 2022/23, and the investment was therefore been recognised as an asset held for sale. The completion of the sale has now taken place during 2022/23. On the grounds of materiality the Trust had not consolidated the results of the LLP into the 2021/22 financial results.

During 2018/19 the Trust together with a Partner formed a LLP named 'SDH Innovations Partnership LLP'. The Trust holds a 50% equity stake in the business, namely share capital of £1 nominal value. The principal purpose of the LLP is a vehicle to support the development of new healthcare facilities with a Strategic Estates Partner. On the grounds of materiality the Trust has not consolidated the results of the LLP into these financial statements.

Note 21 Inventories

	Group		Trust	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£000	£000	£000	£000
Drugs	2,640	2,534	1,953	1,844
Consumables	3,082	2,957	3,082	2,957
Energy	65	24	65	24
Other *	7,672	5,880	7,672	5,880
Total inventories	**13,459**	**11,395**	**12,772**	**10,705**
of which:				
Held at fair value less costs to sell	0	0	0	0

* Other Inventories includes £7,212k of stock manufactured by the Trust's Pharmacy Manufacturing Unit in readiness for sale as well as associated raw materials (2021/22 £5,547k).

Inventories recognised in expenses for the year were £56,226k (2021/22: £52,742k). Of the inventories recognised in expense £582k related to Consumables donated from DHSC group bodies (2021/22 £1,315k). Write-down of inventories recognised as expenses for the year totalled £93k (2021/22: £121k). Of the Write down of inventories recognised as expenses for the year none related to Consumables from DHSC group bodies (2021/22 £0k).

Note 22 Receivables

Note 22.1 Receivables total

		Group		Trust	
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
	Note	£000	£000	£000	£000
Current					
Contract receivables (IFRS15) : invoiced *		16,608	14,503	16,608	14,503
Contract receivables (IFRS 15) : not yet invoiced / non-invoiced **		18,546	7,391	18,625	7,421
Allowance for impaired contract receivables / assets		(2,503)	(1,674)	(2,503)	(1,674)
Prepayments (non-PFI)		3,885	4,162	3,885	4,162
PDC dividend receivable		267	1,021	267	1,021
VAT receivable		1,182	1,840	992	1,662
Other receivables		1,156	154	1,156	154
Total current trade and other receivables		**39,141**	**27,397**	**39,030**	**27,249**
Non-current					
Contract receivables (IFRS 15) : not yet invoiced / non-invoiced * & **		588	437	588	437
Finance lease receivables	28.2	501	501	501	501
Clinician pension tax provision reimbursement funding from NHS England ***		451	500	451	500
Other receivables		0	0	338	375
Total non-current trade and other receivables		**1,540**	**1,438**	**1,878**	**1,813**
Of which receivables from NHS and DHSC group bodies:					
Current		19,756	9,543	19,756	9,543
Non-current		693	743	693	743

*** Contract receivables (IFRS15) : invoiced,** includes Adult Social Care Debt of £7,274k (2021/22 £6,297k).

**** Contract receivables (IFRS15) : not yet invoiced / non invoiced.** includes NHS Injury Unit receivables £1,238k (2021/22 £1,087k)

& ** The value of Contract receivables at 31st March 2023 in comparison with the position at 31st March 2022 has increased substantially due to the inclusion of the Substantive non consolidated pay offer to NHS employees in respect of the financial year 2022/23. This offer is still being discussed by National staffside and National NHS Management and therefore had not been cash transacted as at 31st March 2023. A corresponding liability is contained in note 25, Trade and Other Payables to these accounts.

***** Clinician pension tax provision reimbursement funding from NHS England,** relates to monies due to offset the potential liability the Trust is exposed to in underwriting the tax liabilities Clinicians are facing relating to increases in their Pensions above and above their Annual Allowances in respect of 2020/21. Please refer to 'Provisions' - note 29 to these financial statements for further analysis.

Note 22 Trade receivables and other receivables

Note 22.2 Allowance for credit losses - 2022/23

	Group and Trust		
	Contract receivables and contract assets £000	All other receivables £000	Total £000
Allowance at 1 April 2022	**1,674**	**0**	1,674
New allowances arising	1,261	0	1,261
Reversals of allowances	(48)	0	(48)
Utilisation of allowances (write offs)	(384)	0	(384)
Allowance at 31 March 2023	**2,503**	**0**	**2,503**
Loss recognised in expenditure	**1,213**	**0**	**1,213**

Note 22.3 Allowance for credit losses - 2021/22

	Group and Trust		
	Contract receivables and contract assets £000	All other receivables £000	Total £000
Allowances as at 1 April 2021	**1,019**	**0**	1,019
New allowances arising	790	0	790
Reversals of allowances	(13)	0	(13)
Amounts utilised	(122)	0	(122)
Allowance at 31 March 2022	**1,674**	**0**	**1,674**
Loss recognised in expenditure	**777**	**0**	**777**

Note 22.4 Credit quality of financial assets (continued)

The Trust undertakes a regular review of its aged debt analysis to ensure that invoices are settled in a prompt manner and to ensure that any debts that show signs of being disputed are escalated appropriately. If as a consequence of an investigation the likelihood of debt recovery is remote, an allowance for credit loss is made. As described in Note 3.2 Operating Income, a general allowance for expected credit losses is applied to NHS Recovery Unit debts as advised by DHSC. The Trust also applies a general provision for expected credit losses against its Adult Social Care client contribution debtors. This general provision is based upon a forward looking view supplemented with long standing historical experience of recovering these type of debts. The general provision has been reviewed due to the impact that both COVID-19 and increased cost of living challenges has had on Adult Social Care debt levels.

The Trust has reviewed the value of its non impaired debts associated with non Adult Social Care Client contributions beyond their settlement dates and has concluded that these debts are likely to be recoverable.

Note 23 Non-current assets held for sale and assets in disposal groups

	Group and Trust	
	2022/23	2021/22
	£000	£000
NBV of non-current assets for sale and assets in disposal groups at 1 April	**2,452**	**687**
Assets classified as available for sale in the year	0	1,765
Assets sold in year	(65)	0
Impairment of assets held for sale	(285)	0
NBV of non-current assets for sale and assets in disposal groups at 31 March	**2,102**	**2,452**

During the course of 2022/23, none of the three assets being marketed for sale as at 31st March 2022 have been disposed of. Two are vacant properties and the other is a surplus piece of land. The Trust anticipates that the disposals will take place during the next twelve months.

Note 24 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	
	2022/23	2021/22	2022/23	2021/22
	£000	£000	£000	£000
At 1 April	**39,342**	**45,445**	**39,008**	**45,212**
Net change in year	(4,608)	(6,103)	(4,363)	(6,204)
At 31 March	**34,734**	**39,342**	**34,645**	**39,008**
Broken down into:				
Cash at commercial banks and in hand	120	356	31	22
Cash with the Government Banking Service	34,614	38,986	34,614	38,986
Total cash and cash equivalents as in SoFP and SoCF	**34,734**	**39,342**	**34,645**	**39,008**

Note 25 Trade and other payables

	Group		Trust	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Current				
Trade payables	9,074	8,956	9,074	8,956
Capital payables	13,104	13,641	13,104	13,641
Accruals *	48,234	32,738	48,254	32,734
Social security costs	6,203	5,981	6,203	5,981
Other taxes payable	38	46	0	0
PDC dividend payable	0	0	0	0
Pension contributions payable	4,167	3,908	4,167	3,908
Other payables *	1,340	1,809	1,593	1,708
Total current trade and other payables	**82,160**	**67,079**	**82,395**	**66,928**
Of which payables to NHS and DHSC group bodies:				
Current	8,759	4,546	8,759	4,546

* The value of Accruals at 31st March 2023 in comparison with the position at 31st March 2022 has increased substantially due to the inclusion of the Substantive non consolidated pay offer to NHS employees in respect of the financial year 2022/23. This offer was still being discussed by National staffside and National NHS Management and therefore had not been cash transacted as at 31st March 2023. A corresponding contract receivable is contained in note 22, Receivables to these accounts.

Note 25.1 Early retirements in NHS payables above

	Group and Trust			
	31 March 2023 £000	31 March 2022 £000	31 March 2023 Number	31 March 2022 Number
- to buy out the liability for early retirements over 5 years	0	0		
- number of cases involved			-	-

Note 26 Other liabilities

	Group and Trust	
	31 March 2023 £000	31 March 2022 £000
Current		
Deferred income : contract liabilities	8,015	10,293
Total other current liabilities	**8,015**	**10,293**

Note 27 Borrowings

		Group and Trust	
	Note	31 March 2023 £000	31 March 2022 £000
Current			
Loans from DHSC	27.3	3,065	4,034
Obligations under finance leases	28.6	3,503	2,130
Obligations under PFI or other service concession contracts (excl. lifecycle)	34.1	1,276	1,312
Total current borrowings		**7,844**	**7,476**
Non-current			
Loans from DHSC	27.3	22,291	25,209
Obligations under finance leases	28.6	18,280	7,841
Obligations under PFI or other service concession contracts	34.1	14,012	15,288
Total non-current borrowings		**54,583**	**48,338**

Note 27 Borrowings - continued

Note 27.1 Borrowings - Reconciliation of liabilities arising from financing activities 2022/23 (Group & Trust)

	Note	Total from financing activities £000	DHSC loans £000	Finance Leases £000	PFI obligations £000
Carrying value at 1 April 2022		55,814	29,243	9,971	16,600
Implementation of IFRS16 on 1st April 2022	28.4	10,374	0	10,374	0
Cash movements:					
Financing cash flows - (payments) and receipt of principal *		(8,471)	(3,867)	(3,292)	(1,312)
Financing cash flows - (payments) of interest - excludes contingent rent		(2,103)	(706)	(398)	(999)
Non-cash movements:					
Additions		4,724	0	4,724	0
Application of effective interest rate		2,089	686	404	999
Carrying value at 31 March 2023		**62,427**	**25,356**	**21,783**	**15,288**

* - Additions for DHSC cash flows are netted off within 'Financing cash flows principal'

Note 27.2 Borrowings - Reconciliation of liabilities arising from financing activities 2021/22 (Group & Trust)

	Total from financing activities £000	DHSC loans £000	Finance Leases £000	PFI obligations £000
Carrying value at 31 March 2022	63,658	34,067	11,825	17,766
Cash movements:				
Financing cash flows - (payments) and receipt of principal *	(7,935)	(4,805)	(1,964)	(1,166)
Financing cash flows - (payments) of interest - excludes contingent rent	(2,339)	(833)	(415)	(1,091)
Non-cash movements:				
Additions	126	0	126	0
Application of effective interest rate	2,304	814	399	1,091
Carrying value at 31 March 2022	**55,814**	**29,243**	**9,971**	**16,600**

* - Additions for DHSC cash flows are netted off within 'Financing cash flows principal'

Note 27 Borrowings - continued

Note 27.3 Loans from DHSC

The interest rates and terms of the Loans from DHSC are as follows: -

	Group and Trust								
	Total principal and interest outstanding at 31 March 2023	Interest Rate	Interest outstanding at 31st March 2023 and repayable within one year	Loan principal due within one year	Total current liability as at 31st March 2023	Loan principal repayments due after more than one year at 31 March 2023	Duration of Loan	Date of final loan repayment	Total outstanding at 31 March 2022
	£000	%	£000	£000	£000	£000	Years	£000	£000
Loans for Capital Developments									
Backlog Maintenance 2011/12	4,373	3.41%	43	540	583	3,790	20	Dec 2030	4,918
Backlog Maintenance 2012/13	4,759	1.90%	3	527	530	4,229	20	Mar 2032	5,287
Pharmacy Manufacturing Freehold	4,320	2.99%	4	411	415	3,905	20	Sep 2033	4,732
Pharmacy Manufacturing Fit-out	0	3.14%	0	0	0	0	12	Sep 2022	951
Critical Care Unit and Hospital Front Entrance	8,535	2.34%	72	706	778	7,757	20	Nov 2034	9,247
Linear Accelerator Bunker and associated enabling works	2,273	2.34%	19	188	207	2,066	20	Nov 2034	2,463
Replacement Linear Accelerator	666	1.66%	4	331	335	331	10	Feb 2024	999
Car Parking Facilities	430	1.66%	3	214	217	213	10	Nov 2024	646
Sub-total; Capital loans	**25,356**		**148**	**2,917**	**3,065**	**22,291**			**29,243**

	31 March 2023			31 March 2022
	Total	Interest	Principal	Total
	£000	£000	£000	£000
of which payable within: -				
- not later than one year;	**3,065**	**148**	**2,917**	**4,034**
- later than one year and not later than five years;	**10,032**	**0**	**10,032**	**10,578**
- later than five years.	**12,259**	**0**	**12,407**	**14,631**

Note 28 Finance leases

Note 28.1 Reconciliation of the carrying value of finance lease receivables (net investment in the lease)

	Group and Trust 2022/23 £000
Finance lease receivables at 31 March 2022	501
Interest arising (unwinding of discount)	59
Lease receipts (cash payments received)	(59)
Finance lease receivables at 31 March 2023	**501**

Note 28.2 Finance lease receivables maturity analysis as at 31 March 2023

	Group and Trust Total 31 March 2023 £000	Of which leased to DHSC group bodies: 31 March 2023 £000
Undiscounted future lease receipts receivable in:		
not later than one year;	59	19
later than one year and not later than two years;	59	19
later than two years and not later than three years;	59	19
later than three years and not later than four years;	60	20
later than four years and not later than five years;	60	20
later than five years.	2,361	948
Total future finance lease payments to be received	**2,658**	**1,045**
Estimated value of unguaranteed residual interest	0	0
Unearned interest income	(2,157)	(803)
Allowance for uncollectable lease payments	0	0
Net investment in lease (net lease receivable)	**501**	**242**
of which:		
Leased to other NHS providers	242	

The finance lease receivables relates to the lease of three properties to the South West Ambulance Service NHS Foundation Trust, two of which expire in 2090 and one in 2071, and the lease of part of the Torbay Hospital Annexe site to South Devon College which expires in 2063.

Note 28.3 Finance lease receivables maturity analysis as at 31 March 2022 (IAS 17 basis)

	Group and Trust 31 March 2022 £000
Gross lease receivables	**2,717**
of which those receivable:	
- not later than one year;	59
- later than one year and not later than five years;	238
- later than five years.	2,420
Unearned interest income	(2,216)
Net lease receivables	**501**
of which those receivable:	
- not later than one year;	0
- later than one year and not later than five years;	3
- later than five years.	498
The unguaranteed residual value accruing to the lessor	0
Contingent rents recognised as income in the period	0

Note 28.4 Finance Lease as a Lessee - Initial application of IFRS 16 on 1 April 2022

IFRS 16 as adapted and interpreted for the public sector by HM Treasury has been applied to leases in these financial statements with an initial application date of 1 April 2022.

The standard has been applied using a modified retrospective approach without the restatement of comparatives. Practical expedients applied by the Trust on initial application are detailed in the leases accounting policy in note .

Lease liabilities created for existing operating leases on 1 April 2022 were discounted using the weighted average incremental borrowing rate determined by HM Treasury as 0.95%.

Reconciliation of operating lease commitments as at 31 March 2022 to lease liabilities under IFRS 16 as at 1 April 2022

	Group and Trust 1 April 2022 £000
Operating lease commitments under IAS 17 at 31 March 2022	**10,523**
Impact of discounting at the incremental borrowing rate	
IAS 17 operating lease commitment discounted at incremental borrowing rate	**(670)**
Less:	
Commitments for short term leases	(462)
Commitments for leases of low value assets	
Commitments for leases that had not commenced as at 31 March 2022	
Irrecoverable VAT previously included in IAS 17 commitment	(660)
Services included in IAS 17 commitment not included in the IFRS 16 liability	
Other adjustments:	
Public sector leases without full documentation previously excluded from operating lease commitments	504
Finance lease liabilities under IAS 17 as at 31 March 2022	9,971
Other adjustments	1,139
Total lease liabilities under IFRS 16 as at 1 April 2022	**20,345**

Note 28.5 Finance Lease as a lessee

	Group and Trust 2022/23 £000
Carrying value at 31 March 2022	9,971
IFRS 16 implementation - adjustments for existing operating leases as at 1st April 2022	10,374
Sub-total	**20,345**
Lease additions	4,724
Interest charge arising in year	404
Lease payments - principal (cash outflows)	(3,292)
Lease payments - interest (cash outflows)	(398)
Carrying value at 31 March 2023	**21,783**

Lease payments for short term leases, leases of low value underlying assets and variable lease payments not dependent on an index or rate are recognised in operating expenditure. These payments are disclosed in Note 5. Operating Expenses within these financial statements. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above."

Note 28.6 Finance Lease as a lessee

Obligations under finance leases where the trust is the lessee.

	Group and Trust	
	Total	Of which leased from DHSC group
	31 March 2023 £000	31 March 2023 £000
Gross lease liabilities	**25,717**	**724**
of which liabilities are due:		
- not later than one year;	3,998	109
- later than one year and not later than five years;	11,358	438
- later than five years.	10,361	177
Sub-total	25,717	724
Finance charges allocated to future periods	(3,934)	(45)
Net lease liabilities	**21,783**	**679**

Note 28.7 Maturity analysis of finance lease liabilities at 31 March 2022 (IAS 17 basis)

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

	Group and Trust 31 March 2022 £000
Undiscounted future lease payments payable in:	
- not later than one year;	2,419
- later than one year and not later than five years;	7,431
- later than five years.	878
Total gross future lease payments	**10,728**
Finance charges allocated to future periods	(757)
Net finance lease liabilities at 31 March 2022	**9,971**
of which payable:	
- not later than one year;	2,130
- later than one year and not later than five years;	6,974
- later than five years.	867

Note 29 Provisions

	Group and Trust					
Group and Trust	Pensions : early departure costs £000	Pensions : Injury benefits £000	Legal claims £000	Lease dilapidations amounts previously charged to revenue £000	Clinician Pension Tax reimbursement £000	Total £000
At 1 April 2022	**851**	**4,409**	**227**	**435**	**500**	**6,422**
Change in the discount rate	(79)	(1,020)	0	0	(397)	**(1,496)**
Arising during the year	59	31	108	0	342	**540**
Utilised during the year	(105)	(223)	(119)	0	(3)	**(450)**
Reversed unused	(20)	0	(11)	0	0	**(31)**
Unwinding of discount	14	75	0	0	9	**98**
At 31 March 2023	**720**	**3,272**	**205**	**435**	**451**	**5,083**
Expected timing of cash flows:						
- not later than one year;	78	167	205	0	0	**450**
- later than one year and not later than five years;	312	668	0	0	0	**980**
- later than five years.	**330**	**2,437**	**0**	**435**	**451**	**3,653**
- Sub-total; more than one year	**642**	**3,105**	**0**	**435**	**451**	**4,633**
Total	**720**	**3,272**	**205**	**435**	**451**	**5,083**

The provision entitled 'pensions early departure costs' has two components. The provision for early retirement and injury benefit payments to staff have been based on information from NHS Pensions. The principal uncertainty relating to this is the life expectancy of the beneficiaries.

The provision entitled 'legal claims' relates to personal injury claims received from employees and members of the public. These claims have been quantified according to the guidance received from the NHSLA and the relevant insurance companies. Due to the inherent uncertainty of this type of claim it has been assumed that any of the claims dealt with by the insurance companies will be settled and paid during the year ending 31 March 2023. The potential liability has been split into two parts with one part being provided for and the second part included in Contingencies at Note 31.

The provision entitled 'Clinician Pension Tax reimbursement' relates to a potential liability that the Trust will face to underwrite the tax liability faced by clinicians who are members of the NHS Pension Scheme and who as a result of work undertaken in 2019/20 face a tax charge in respect of the growth of their NHS pension benefits above their pension savings annual allowance threshold. The Trust will make a contractually binding commitment to pay clinicians in this position a corresponding amount on retirement, ensuring that they are fully compensated in retirement for the effect in retirement. Due to the timescale for pension tax annual allowance (AA) charges and the scheme pays nominations, there is no data of the 'actual' nominations for the 2019-20 tax year available; the deadline for initial nomination is 31 July 2021, with the ability to make changes up to 31 July 2024. The Trust has recognised a provision liability in line with the estimate provided to the Trust by NHS England. The Trust's liability to these costs have been underwritten by NHS England and therefore a corresponding Receivable has been included in note 22 to these financial statements

Note 30 Clinical negligence liabilities

At 31 March 2023, £110,118k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Torbay and South Devon NHS Foundation Trust (31 March 2022: £159,161k).

Note 31 Contingent assets and (liabilities)

	Group and Trust	
	31 March 2023 £000	31 March 2022 £000
Value of contingent (liabilities)		
NHS Resolution legal claims	(61)	(87)
Employment tribunal and other related litigation	0	(4)
Other	(1,416)	(1,485)
Gross value of contingent (liabilities)	**(1,477)**	**(1,576)**
Amounts recoverable against liabilities	0	0
Net value of contingent (liabilities)	**(1,477)**	**(1,576)**
Net value of contingent assets	**0**	**0**

Personal Injury Claims

The Trust receives a number of personal injury claims from employees and members of the public. The NHS Resolution administer the scheme and provide details of the liability and likely value of claims. The value of the claims which have been assessed as being unlikely to succeed for which no provision has been made in the accounts is £61,000 (2021/22 £87,000).

Employment tribunal and other related litigation

At 31 March 2023, there were three such cases ongoing (31st March 23 - two cases). It has not been possible to quantify the potential liability or assess the likelihood of a liability arising, a contingent liability of £0 (2021/22: £10,000) is disclosed.

Centre for Health & Care Professions - South Devon College

The Trust entered into a lessor finance lease South Devon College on 1st September 2017 to enable the College to use part of the Trust's Torbay Hospital Annexe site as an educational facility. The Secretary of State for Education loaned the College a sum of money to invest in the site. This external investment does not form part of the Trust's Statement of Financial Position, but the value of the Trust buildings now leased to the College have been classified in the Trust's accounts as a finance lease. The lease is for a 50 year period, with a break point at year 30. If during the course of the primary lease period (i.e. the first 30 years) South Devon College (or successor organisation) was to cease the delivery of education (for whatever reason), then the Trust would be obliged to pay a sum to the Secretary of State for the capital invested by he Department of Education. The potential sum payable diminishes over time but at 31st March 2023 the potential liability would be £1.4m (31st March 2022 £1.5m). No provision for this potential liability has been made, as the likelihood of this liability crystallising is considered remote.

Note 32 Contractual capital commitments

	Group & Trust	
	31 March 2023 £000	31 March 2022 £000
Property, plant and equipment	6,834	11,453
Intangible assets	59	316
Total	**6,893**	**11,769**

Note 33 Other financial commitments

The group / trust is committed to making payments under non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangement), analysed by the period during which the payment is made:

	Group		Trust	
	31 March 2023 £000	31 March 2021 £000	31 March 2023 £000	31 March 2021 £000
not later than 1 year	20,366	18,019	20,323	10,462
after 1 year and not later than 5 years	0	0	0	0
paid thereafter	0	0	0	0
Total	**20,366**	**18,019**	**20,323**	**10,462**

Note 34 On-SoFP PFI, LIFT or other service concession arrangements

The Trust has two PFI contracts for two Community Hospital facilities, namely Dawlish Community Hospital and Newton Abbot Community Hospital. Both contracts meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, and are therefore accounted for as 'on-Statement of Financial Position'

Dawlish Hospital

Dawlish Hospital has a value of £146k at 31st March 2023 (31st March 2022 £302k)

The Trust entered into an agreement under the Private Finance Initiative (PFI) arrangements for the construction of a new community hospital in Dawlish. The contract for the arrangement runs from 22nd June 1999 with a term of 25 years.

On 1 April 2002 this arrangement passed to Teignbridge Primary Care Trust (a predecessor body of Northern, Eastern and Western Devon CCG). On 1 April 2013 it passed to Torbay and Southern Devon Health and Care NHS Trust. On 1 October 2015 it returned to the Trust through the transfer of absorption of Torbay and Southern Devon Health and Care NHS Trust.

From the commencement of the contract a service fee of £241,000 was payable each year subject to indexation based upon RPI.

For the twelve month period 2022-23 that the Trust operated the scheme the unitary payment was £1,292k (2021-22 £1,206k).

Arrangement - The contract is for the provision of services for maintenance, domestics and catering staff for the hospital. The ownership of the equipment and content rests with the Trust. The arrangement works on the principal of 'no hospital, no fee'. The provision of services is managed through service level agreements, which have measurable targets and are subject to regular monitoring.

Terms of Arrangement - The unitary payment is comprised of two elements, an Availability fee which is fixed for the duration of the contract and a Service fee which is subject to indexation based upon the movement in the 'Retail Prices Index (RPIX) All items, excluding mortgage interest payments'. Services are subject to market testing approximately every 5 years, and increases and decreases in costs from these regular market testing exercises are passed through to the Trust. At the end of the project term the Trust may allow the lease to expire with no compensation payable, or the parties may agree commercial terms for an extension of the agreement for a further 10 years, or have an option to acquire the leasehold interest and collapse the entire Lease structure by paying open market value for the land and buildings. In the event of re-financing of the PFI the Trust is entitled to receive half of the refinancing cash flow benefits. The Trust has now served notice on the PFI Operator that it intends to purchase the freehold from the Operator at the end of the current PFI term, i.e. June 2024.

Newton Abbot Hospital

On 11th April 2007 Devon Primary Care Trust (now reconfigured and named NHS Devon CCG) entered into an agreement under the Private Finance Initiative (PFI) arrangement for the construction of a new community hospital at Jetty Marsh, Newton Abbot. The capital value of the scheme was £21,980,000

The construction of the hospital was completed on 18th December 2008. From that date the unitary payment was £2,103,669 each year subject to annual RPI indexation movement for a period of 30 years. For the twelve month period in 2022-23 the unitary payment was £3,205k (2021-22 £2,952k). Newton Abbot Hospital has a value of £20,167k at 31st March 2022 (31st March 2022 £17,296k).

Arrangement - The contract is for the provision of maintenance services for this hospital. The ownership of the equipment between the parties is specified in the Agreement. The arrangement works on the basis of a reduction in the payments for failure to deliver to the agreed service levels. The provision of services is managed through service level agreements which have measurable targets and are subject to regular monitoring.

Terms of Arrangement - The unitary payment is comprised of two elements, an Availability fee which is fixed for the duration of the contract and a Service fee which is subject to indexation based upon the movement in the 'Retail Prices Index (RPI) All items'. At the end of the project term the Agreement will terminate with no compensation payable. In the event of re-financing of the PFI the Trust is entitled to receive half of the re-financing cash flow benefits.

Note 34 On-SoFP PFI, LIFT or other service concession arrangements, continued

Note 34.1 Imputed finance lease obligations

The following are obligations in respect of the finance lease element of on-Statement of Financial Position PFI schemes:

	Group and Trust			
	31 March 2023			31 March 2022
	Dawlish	Newton Abbot	Total	Total
	£000	£000	£000	£000
Gross PFI, LIFT or other service concession liabilities	**752**	**22,715**	**23,467**	**25,778**
Of which liabilities are due				
- not later than one year;	645	1,525	2,170	2,311
- later than one year and not later than five years;	107	5,129	5,236	6,083
- later than five years.	0	16,061	16,061	17,384
Finance charges allocated to future periods	(84)	(8,095)	(8,179)	(9,178)
Net PFI, LIFT or other service concession arrangement obligation	**668**	**14,620**	**15,288**	**16,600**
- not later than one year;	571	705	1,276	1,312
- later than one year and not later than five years;	97	2,159	2,256	2,903
- later than five years.	0	11,756	11,756	12,385

Note 34.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

Total future obligations under these on-SoFP schemes are as follows:

	Group and Trust			
	31 March 2023			31 March 2022
	Dawlish	Newton Abbot	Total	Total
	£000	£000	£000	£000
Total future payments committed in respect of the PFI service concession arrangements	1,483	65,503	66,986	65,737
Of which liabilities are due:				
- not later than one year;	1,237	3,635	4,872	4,481
- later than one year and not later than five years;	246	15,073	15,319	14,948
- later than five years.	0	46,795	46,795	46,308

The values of the above total future obligations include estimated allowances for the impact of future inflation that will be applied to the variable elements of the two PFI contracts. An assumption has been made that RPI of 13.84% will be applied to the Newton Abbot PFI in 2023/24. It has been assumed that RPIX of 7.26% will be applied to the Dawlish PFI contract in 2023/24. In 2024/25 and beyond the following inflationary assumptions have been applied to bot PFI contracts, i.e. Inflation of 0.6% per annum for 2024/25 and 2.0% per annum will apply thereafter, these two rates being provided by HM Treasury.

Note 34.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	Group and Trust			
	31 March 2023			31 March 2022
	Dawlish	Newton Abbot	Total	Total
	£000	£000	£000	£000
Unitary payment payable to service concession operator				
Consisting of:				
- Interest charge	140	859	999	1,091
- Repayment of finance lease liability	603	709	1,312	1,166
- Service element and other charges to operating expenditure	447	551	998	937
- Revenue lifecycle maintenance	102	212	314	302
- Contingent rent	0	848	848	662
Total Unitary payment	**1,292**	**3,179**	**4,471**	**4,158**
Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment	0	26	26	15
Total amount paid to service concession operator	**1,292**	**3,205**	**4,497**	**4,173**

Note 35 Financial instruments

Note 35.1 Financial risk management

A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another enterprise.

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities.

The financial assets and liabilities of the Trust are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

Credit risk

Credit risk is the possibility that other parties might fail to pay amounts due to the Trust. Credit risk arises from deposits with banks as well as credit exposures to the Trust's commissioners and other receivables. Surplus operating cash is only invested with UK based Clearing banks. The Trust's cash assets are held with National Westminster Bank plc., the Office of the Government Banking Service and Citibank only. An analysis of receivables and provision for impairment can be found at note 22, trade and other receivables.

Because of the continuing service provider relationship that the Trust has with local clinical commissioning groups and the way those clinical commissioning groups are financed, the Trust is not exposed to the degree of credit risk faced by many other business entities. Also, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies.

Liquidity risk

Liquidity risk is the possibility that the Trust might not have funds available to meet its commitments to make payments. Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities.

The Trust's net operating costs are incurred largely under annual service agreements with local clinical commissioning groups, which are financed from resources voted annually by Parliament. The Trust also largely finances its capital expenditure from internally generated funds. The Trust is not, therefore, exposed to significant liquidity risks.

The Trust has secured eight Independent Trust Financing Facility (ITFF) Loans, details of which are disclosed in note 27 to the accounts. These loans were used to enable the Trust to invest in replacement infrastructure of Torbay Hospital, namely investment in backlog maintenance; enabled the expansion of the Trusts Pharmacy Manufacturing Unit (PMU); construction of a new Critical Care Unit and Hospital Front Entrance; improvement of Car Parking Facilities and continuation of the Trust's Radiotherapy service. Interest on these loans are fixed. The loan principal repayment and interest rates on these loans are disclosed in note 27.3.

During 2015/16 the Trust acquired two Private Finance Initiative (PFI) contracts, in respect of Newton Abbot and Dawlish community hospitals. Further details of the contracts are given in Note 34. The unitary payments for the Newton Abbot contract are subject to annual indexation in accordance with RPI (excluding mortgage interest payments). However, the associated risk is not judged to be significant, as these payments are equivalent to less than 1% of Trust turnover. With regard to the Dawlish contract, the availability fee is fixed and the service fee is subject to periodic market testing (meaning that the cost should be no greater than if the contract did not exist and the services were purchased externally).

Market Risk

Market risk is the possibility that financial loss might arise as a result of changes in such measures as interest rates and stock market movements. The Trust's transactions are almost all undertaken in sterling and so it is not exposed to foreign exchange risk. It holds no significant investments other than short-term bank deposits. Other than cash balance, the Trust's financial assets and liabilities carry nil or fixed rates of interest and the Trust's income and operating cash flows are substantially independent of changes in market interest rates. Therefore, the Trust is not exposed to significant interest-rate risk.

Note 35.2 Carrying values of financial assets

	Group 31 March 2023		Group 31 March 2022	
	Held at amortised cost £000	Total book value £000	Held at amortised cost £000	Total book value £000
Carrying value of financial assets as at 31 March under IFRS 9				
Trade and other receivables (excluding non financial assets)	35,347	35,347	21,812	21,812
Other investments / financial assets	2,102	2,102	2,452	2,452
Cash and cash equivalents	34,734	34,734	39,342	39,342
Total	**72,183**	**72,183**	**63,606**	**63,606**

	Trust 31 March 2023		Trust 31 March 2022	
	Held at amortised cost £000	Total book value £000	Held at amortised cost £000	Total book value £000
Carrying value of financial assets as at 31 March under IFRS 9				
Trade and other receivables (excluding non financial assets)	35,426	35,426	21,842	21,842
Other investments / financial assets	2,440	2,440	2,827	2,827
Cash and cash equivalents	34,645	34,645	39,008	39,008
Total	**72,511**	**72,511**	**63,677**	**63,677**

Note 35.3 Carrying values of financial liabilities

	Group		Trust	
	Held at amortised cost		Held at amortised cost	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Other financial liabilities	£000	£000	£000	£000
Liabilities as per SoFP				
Loans from the Department of Health and Social Care	25,356	29,243	25,356	29,243
Obligations under finance leases	21,783	9,971	21,783	9,971
Obligations under PFI, LIFT and other service concession contracts	15,288	16,600	15,288	16,600
Trade and other payables excluding non financial liabilities	72,683	57,778	72,956	57,883
Total	**135,110**	**113,592**	**135,383**	**113,697**

Note 35.4 Maturity of financial liabilities

	Group		Trust	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£000	£000	£000	£000
In one year or less	82,535	67,248	82,808	67,143
In more than two years but not more than five years	28,430	26,157	28,430	26,157
In more than five years	39,617	34,186	39,617	34,186
Total	**150,582**	**127,591**	**150,855**	**127,486**

Note 35.5 Fair Values

The book value of assets and liabilities (excluding loans from the Department of Health and Social Care) due after 12 months is estimated to be the same as the fair value of the assets and liabilities.

The fair value of Loans from the Department of Health and Social Care should be classed as being held at Current Value. They are however currently reflected at Amortised Cost. The valuations of these loans are again estimated to be the fair value of these loans.

Note 36 Losses and special payments

Group and trust	2022/23 Total number of cases Number	2022/23 Total value of cases £000	2021/22 Total number of cases Number	2021/22 Total value of cases £000
Losses				
Cash losses	9	23	10	3
Bad debts and claims abandoned	181	420	195	302
Stores losses and damage to property	2	0	6	1
Total losses	**192**	**443**	**211**	**306**
Special payments				
Ex-gratia payments	30	28	21	12
Total special payments	**30**	**28**	**21**	**12**
Total losses and special payments	**222**	**471**	**232**	**318**
Compensation payments received		0		0

Note 37 Related parties

Torbay and South Devon NHS Foundation Trust is a public benefit corporation established under the NHS Act 2006. The Foundation Trust forms part of the Government's 'Whole Government Accounting' framework along with other NHS and Local Authority bodies. The Trust's parent is the Department of Health and Social Care and the ultimate parent is HM Government

Note 37.1 Related parties - Key Management (Group and Trust)

Key Management personnel - Key management includes directors, both executive and non-executive. The compensation paid or payable in aggregate to Key management for employment services is shown in the Annual Report and summarised in Note 5 to the Accounts 'Operating Expenditure'. None of the Key management personnel received an advance from the Trust. The Trust has not entered into any guarantees of any kind on behalf of Key management personnel. There were no amounts owing to Key management personnel at the beginning or end of the financial year.

During 2022/23 and 2021/22 the Trust transacted with related parties on whose Boards the Trust's non-executive directors and directors had similar chair or non-executive roles, or other interests. The value of transactions entered into were as follows: -

	Income 2022/23 £000	Income 2021/22 £000	Receivables 31 March 2023 £000	Receivables 31 March 2022 £000
Age UK Torbay	0	0	0	0
Devon Care Homes Collaborative Ltd	23	0	0	0
	23	**0**	**0**	**0**

	Expenditure 2022/23 £000	Expenditure 2021/22 £000	Payables 31 March 2023 £000	Payables 31 March 2022 £000
Age UK Torbay	101	144	0	0
Devon Care Homes Collaborative Ltd	0	18	0	18
JSL Consulting & Associates Ltd	0	1	0	0
Ogwell Grange Ltd	23	0	6	0
	124	**163**	**6**	**18**

Note 37 Related parties (continued)

Note 37.2 Non-consolidated Associates & Joint Ventures (Group and Trust)

	Income		Receivables	
	2022/23	2021/22	31 March 2023	31 March 2022
	£000	£000	£000	£000
Health and Care Innovations LLP	-	0	-	0
SDH Innovations Partnership LLP	0	0	0	0
	0	**0**	**0**	**0**

	Expenditure		Payables	
	2022/23	2021/22	31 March 2023	31 March 2022
	£000	£000	£000	£000
Health and Care Innovations LLP	-	214	-	18
SDH Innovations Partnership LLP	2,663	2,025	108	0
	2,663	**2,239**	**108**	**18**

The Trust sold its' equity stake in Health and Care Innovations LLP during the course of 2021/22 and the asset was classed as an Asset held for sale as at 31st March 2022. The sale completion took place during 2022/23.

The transactions with SDH Innovations Partnership LLP mostly relate to the construction of Land excluding Dwellings projects. SDH Innovations Partnership LLP's registration is OC424178. Its registered office is, 9th Floor Cobalt Square, 83-85 Hagley Road, Birmingham, United Kingdom, B16 8QG.

Note 37.3 Related Parties - Charity (Group and Trust)

The Trust also receives charitable contributions from a number of generous charitable and other bodies. These are channelled through Torbay and South Devon NHS Charitable Fund, for which the Foundation Trust is Corporate Trustee. The registered number of the charity is 1052232, the registered office is Regent House, Regent Close, Torquay TQ2 7AN. During the year, the Trust received revenue contributions of £1,419,000 (2021/22: £934,000) and capital of £1,694,000 (2021/22: £252,000) from the charity. The charity had reserves of £1,505,000 as at 31st March 2023 and recorded a decrease in funds of £255,000 during the year ended 31st March 2022. The balance of receivables due from the charity at 31st March 2023 was £220,000 (31st March 2022 £49,000).

Note 37.4 Consolidated Subsidiary (Trust)

	Income		Receivables	
	2022/23	2021/22	31 March 2023	31 March 2022
	£000	£000	£000	£000
SDH Developments Ltd	600	406	48	412
	600	**406**	**48**	**412**

	Expenditure		Payables	
	2022/23	2021/22	31 March 2023	31 March 2022
	£000	£000	£000	£000
SDH Developments Ltd	11,542	11,406	1,099	951
	11,542	**11,406**	**1,099**	**951**

SDH Developments Ltd is a company registered in the UK. Its registration number is 08385611 and its registered address is Regent House, Regent Close, Torquay, TQ2 7AN.

Note 37 Related parties (continued)

Note 37.5 Related Parties -Whole Government Accounting (Group and Trust)

During the year Torbay and South Devon NHS Foundation Trust has had a number of material transactions with the Department of Health and Social Care (DHSC) and other entities for which DHSC is regarded as parent of those entities. Income from these DHSC entities are reported in either note 3 - Operating Income or note 4 - Other Operating Income to these financial statements. Expenditure with these entities forms part of the Trust's Operating Expenditure - note 5 to these financial statements.

The DHSC Related Party transactions that are the most material in value to Torbay and South Devon NHS Foundation Trust and the nature of the primary relationship are described below

Devon Partnership NHS Trust	Principle sub-contractor to the provision of the Children's & Family Health Devon contract
Health Education England	Provide income to the Trust to facilitate the delivery of training to healthcare staff
NHS Devon ICB	The Trust's main commissioner of patient care services.
NHS England	Main commissioner of specialised and high cost services provided by the Trust
NHS Resolution	Provision of litigation cover
Northern Devon Healthcare NHS Trust	Provision of clinical, internal audit and other services to one another
Royal Devon United Hospitals Foundation Trust	
University Hospitals Plymouth NHS Trust	
NHS Pension Scheme	Provision of post employment benefits to Staff and Directors of the Trust

Independent auditor's report to the Council of Governors of Torbay and South Devon NHS Foundation Trust

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of Torbay and South Devon NHS Foundation Trust (the 'Trust') and its subsidiary (the 'group') for the year ended 31 March 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 7 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022-23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Trust as at 31 March 2023 and of the group's expenditure and income and the Trust's expenditure and income for the year then ended; and
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022-23; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Accounting Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the Trust to cease to continue as a going concern.

In our evaluation of the Accounting Officer's conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group Accounting Manual 2022-23 that the group and Trust's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and Trust. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Trust and the group and Trust's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the

Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Accounting Officer is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the disclosure requirements set out in the NHS foundation trust annual reporting manual 2022/23 or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion:

- the parts of the Remuneration Report and the Staff Report to be audited have been properly prepared in accordance with NHS foundation trust annual reporting manual 2022/23; and
- based on the work undertaken in the course of the audit of the financial the other information published together with the financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under Schedule 10 (3) of the National Health Service Act 2006 in the course of, or at the conclusion of the audit; or
- we refer a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the incurring of unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

We have nothing to report in respect of the above matters.

Responsibilities of the Accounting Officer

As explained more fully in the Statement of the Chief Executive's responsibilities as the accounting officer,the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions included in the NHS

foundation trust annual reporting manual 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the group's and the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer has been informed by the relevant national body of the intention to dissolve the Trust and the group without the transfer of the services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Trust and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022-23).
- We enquired of management and the Audit and Risk Committee, concerning the group and Trust's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the Audit and Risk Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the group and Trust's financial statements to material misstatement, including how fraud might occur, evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - high risk and unusual journals;
  - management estimates including land, buildings and dwellings valuations for indicators of management bias;
  - fraudulent revenue recognition – we rebutted income recognition under block contract arrangements, where income could be verified to agreements with third parties. For other income streams, the Trust's ability to manipulate revenue recognition in any meaningful way, or to adopt aggressive revenue recognition policies, is determined to be low. We did not rebut this risk in relation to income relating to Torbay Pharmaceuticals due to its commercial nature.
- Our audit procedures that related only to the Trust involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a focus on high risk and unusual journals, including those journals processed by senior officers, year end journals created at the weekend, late posted journals, journals posted officers with super-user access, journals with blank decriptions, journals that appeared to be unauthorised, journals with related party entities identified through a review of the

register of interests and journals that contained other criteria that we determined presented a higher risk:

  - testing income relating to Torbay Pharmaceuticals to supporting evidence on a sample basis:
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and building and dwellings valuations;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communicated with management and the Audit Committee in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue, and the significant accounting estimates related to land and building valuations.
- Our assessment of the appropriateness of the collective competence and capabilities of the group and Trust's engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the health sector and economy in which the group and Trust operates
  - understanding of the legal and regulatory requirements specific to the group and Trust including:
    - the provisions of the applicable legislation
    - NHS England's rules and related guidance
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - The group and Trust's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, financial statement consolidation processes, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - The group and Trust's control environment, including the policies and procedures implemented by the group and Trust to ensure compliance with the requirements of the financial reporting framework.
- For components at which audit procedures were performed, we requested component auditors to report to us instances of non-compliance with laws and regulations that gave rise to a risk of material misstatement of the group financial statements. No such matters were identified by the component auditors.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements – the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in respect of the above matter except on 28 June 2023 we identified two significant weaknesses in how the Trust plans and manages its resources to ensure it can continue to deliver its services.

- The Trust's savings target for the year ending 31 March 2024 is considerably higher than in previous years and contains significant risks to delivery. This is a consequence of the Trust not fully developing savings plans during the year ending 31 March 2023. We recommended that the Trust continue to reassess the level of risk within its savings plans in conjunction with its system partners to ensure that it is underpinned by robust assumptions and is aligned with the its workforce and activity plans. Progress against the savings target and remedial action to address shortfalls should be reported to the Board.
- The Trust's financial position at 31 March 2023 and financial plan for the year ending 31 March 2024 indicates a deteriorating financial position. The Trust does not yet have an agreed medium term plan with local healthcare system partners to make the Trust financially sustainable over the medium term. We recommended that the Trust work with its system partners to develop a credible financial plan to enable it to achieve financial stability over the medium term.

Responsibilities of the Accounting Officer

The Chief Executive, as Accounting Officer, is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibilities for the review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under paragraph 1 of Schedule 10 of the National Health Service Act 2006 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Trust plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Trust ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Trust uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Trust has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Certificate

We certify that we have completed the audit of the financial statements of Torbay and South Devon NHS Foundation Trust in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice.

Use of our report

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

Barrie Morris

Signature:

Barrie Morris, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

28 June 2023