Torbay and South Devon NHS Foundation Trust

Annual Report and Accounts 2020/21

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2020/21

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Contents

Foreword by the Chairman and Chief Executive

Welcome to our annual report for 2020/21. As we reflect on what has truly been a year unlike no other we want to start by thanking everyone for playing their part and making a difference. We have worked with you, and for you, as we have all adapted to new ways of working and living.

From our caring and highly skilled staff to our dedicated volunteers, from our supportive patients and carers to our committed members and Governors and from our inspiring communities to our energetic partners across the county, region and nation - you have all helped us keep our services running as safely as possible, making sure that we have been able to be there for our people when they urgently need us and to support them to live well.

Over the course of the year, we have asked you to change how we care for you, how we work and how we support you. And we have asked this of you again and again as the pandemic has progressed. Throughout it all you have responded with understanding and patience. You have embraced online and telephone appointments, kept in touch with loved ones in hospital using pictures, messages and videos and fundraised so we can provide extra comfort and kindness to patients and staff.

Our highlights this year include the opening of our new acute surgical unit at Torbay Hospital and the start of work on our new acute medicine centre both of which will help us make sure that patients receive timely, high quality care in the right place. Supporting our staff to continue to provide excellent care while looking after their wellbeing and, wherever possible and appropriate, enabling them to work from home or work in different ways to keep them as safe as possible has been really important to us. We have also further demonstrated our commitment to partnership working by forming a strategic alliance with Northern Devon Healthcare NHS Trust and Royal Devon and Exeter NHS Foundation Trust which supports us to work together more closely to secure sustainable, high-quality care for everyone for the future.

Like every other NHS organisation in the country money will continue to be a key challenge for us. We need to make sure we continue to provide as much value for money as possible while embracing opportunities to do things better and reduce waste and duplication wherever we can. Recruiting and retaining a skilled and diverse workforce remains a priority and we are working with our staff to create a workplace where each and every one can thrive.

And of course, we continually strive to improve and deliver excellent, high quality, safe care to our patients. Over the past twelve months the number of patients waiting for planned operations and other treatments has increased significantly due to the pandemic. We know we need to work differently and provide services in different ways in order to reduce the waiting lists and make sure that everyone gets the care they need, when they need it. We are committed to doing this but we can’t do it alone – we are working in closer partnership with other healthcare providers in our county and we also need your continued support and flexibility to adapt to different ways of delivering care.

As the year drew to a close we received the positive news that Devon would become an integrated care system on 1 April 2021 and that at a local level we would become a core part of the South Devon Local Care Partnership.

As a proud and well-established integrated care organisation, we know at first hand the positive impact that working together in partnership with others has for our local population – giving everyone a brighter future.

As we move into 2021/22 we are feeling hopeful for all our futures. While the pandemic has given us significant challenges to overcome it also offers us opportunities to make improvements that will help us support people better. We will continue to take advantage of new technologies and the latest improvements in healthcare, as we plan not only for the needs of our people today but also in the future.

We will also use the once in a lifetime opportunity offered by our share of £3.7billion government funding to develop the hospital and to make a real difference in how we deliver services with, to and for our people. We see this as much more than just a new hospital - we are using this opportunity to build on our integrated approach to service delivery in ways that provide better outcomes for patients and better working environments for staff across all the communities that we serve.

Thank you once again for all your support this year. We will continue to work with you, and for you, as we strive to support everyone in Torbay and South Devon to live well. We look forward to building a brighter future together as we move into the next chapter of our story.

Richard Ibbotson, KBE, CB, DSC, DL

Chairman

28 June 2021

Liz Davenport

Chief Executive

28 June 2021

Part I – Performance Report

Overview of performance

The purpose of this overview of performance is to provide the reader with sufficient information to understand the organisation, its purpose, main objectives, the key risks to the achievement of its objectives, and how it has performed during the year. More detailed information on the arrangements in place and the Foundation Trust's approach to ensure services are well-led is given in the Performance Analysis Report and the Annual Governance Statement.

The Performance Report highlights some of the main developments to the Foundation Trust's services and the improvements we have made to care over the past year, whilst also reporting on how the Foundation Trust performed against key national and locally determined clinical standards.

In doing so it is important to stress that the impact of the COVID-19 Pandemic was hugely significant for the NHS during the year, and important for the Foundation Trust in terms of financial arrangements, operational performance and its workforce. The impact on performance was felt towards the end of the 2019/20 financial year, throughout 2020/21 and with ongoing impact in to 2021/22.

The Performance Report outlines the position as at 31 March 2021 and provides commentary on relevant post year-end matters.

Chief Executive's statement on performance

The Foundation Trust is under enormous pressure to meet the health and social care needs of a growing and diverse population, alongside great changes to the infrastructure of the NHS and a difficult financial climate. The Foundation Trust's performance against a range of national targets and standards is assessed and reported externally. These measures include the 4-hour emergency care standard; cancer referral targets; infection control standards; 18-week waiting times and staffing levels. For most of the objectives or indicators, a rating of either Green or Red is applied based on the position to date against the threshold set. In some cases, an Amber rating is applied for reasons such as the objective/indicator area being currently on hold or as an early warning that an area being measured on a quarterly or annual basis is currently behind plan. Supporting commentary is provided together with trend charts showing the position over the previous five quarters or fifteen months, depending on the frequency of the measurement period.

The Board considers an Integrated Performance Report at each meeting which describes performance against these targets and any action being taken to address dips in performance. This is informed by detailed review at Executive, Group and Committee level prior to each Board meeting. Monitoring of performance during the year was delivered via 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). Performance monitoring enabled each of the ISU's to review quality and performance dashboards relevant to their services on a monthly basis 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 Improvement. Details of the Foundation Trust's performance during the year can be seen below.

Our purpose and activities

We are Torbay and South Devon NHS Foundation Trust. We are here to support the people of Torbay and South Devon to live well. We aim to achieve this by focusing on excellent population health and wellbeing, excellent experience in receiving and providing care, and by providing excellent value and sustainability.

We are proud to be the first NHS Trust in England to integrate hospital and community care with social care. As a well-established integrated care organisation (ICO) of more than five years' standing we know at first hand the positive impact that working together in partnership with others has for our local population – giving everyone a brighter future.

We work with many different communities: our patients and their carers, family and friends, our staff, members and governors, 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, and acute care, mainly from Torbay Hospital. Increasingly, we are providing more care as close to home as possible for our people, reducing their need to travel and helping to keep them safe and live well. 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 a number of community locations. Due to the Covid-19 pandemic we have had to reduce the number of community sites offering urgent care – this has meant the temporary closures of our minor injury units in Dawlish and Totnes. The urgent treatment centre in Newton Abbot has remained open 7 days a week and offer an x-ray service. We also treat people who are holidaying in the area – our local resident population of around 298,000 can rise by around 100,000 in a typical summer 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 6,700 staff in order to deliver and manage our many 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.

We are also very fortunate to have the support of many dedicated volunteers – we currently have 625 volunteers, as well as 82 youth volunteers (young adults aged 16 – 25). Our 150 Leagues of Friends members are made up of 149 of our 625 volunteers, and one youth volunteer. The past year has been a very difficult year for our volunteers, due to the pandemic only around 100 were able to actively volunteer, and that was only for selected parts of the year.

Our operating budget for 2020/21 was £560 million. Devon Clinical Commissioning Group (CCG) commission our main acute and community services. Devon County Council and Torbay Council commission our adult social care services. Devon County Council also commission our children's health services, for which we are the leader in an alliance with other Devon organisations (detailed below).

We have forged many strategic and business partnerships in order to strengthen and improve our services:

- We are the lead organisation in the alliance of Children and Family Health Devon (CFHD) which began in April 2018. Our other alliance members are NHS partners Royal Devon and Exeter NHS Foundation Trust, Northern Devon Healthcare NHS Trust and Devon Partnership NHS Trust, as well as social enterprise company Livewell Southwest.
- We have until recently been a partner in Health and Care Innovations LLP providing health care videos developed by clinicians and specialists for our patients to access online. A memorandum of understanding has been entered in to ensuring our onward working arrangements with Rocklands Media Limited.
- We have a wholly owned subsidiary (SDH Developments Limited) providing an on-site pharmaceutical dispensary at Torbay Hospital.
- We are proud to have Torbay Pharmaceuticals, an operating division of the Foundation Trust and a global player in the pharmaceutical industry.
- We are a partner in a Limited Liability Partnership (SDH Innovations Partnership LLP), which is supporting our ambitions to replace out-of-date facilities with new buildings.
- We are part of University of Exeter's Academy of Nursing, along with three other Devon NHS Foundation Trusts.
- Through Torbay Clinical School, we are in a partnership with Plymouth University to promote clinical research.
- More recently, we established a strategic partnership with North Devon Healthcare NHS Trust and the Royal Devon and Exeter NHS Foundation Trust which supports us to work together more closely to secure sustainable, high-quality care for everyone for the future.
- Towards the end of the year 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.

During the past twelve months, our numbers of patient contacts have been markedly lower compared to previous years. This was in part due to the impact of the COVID-19 pandemic and the effect it had on all our lives as well as the changes it made to how people access services.

We treated over 57,000 people in our Emergency Department and nearly 22,500 in our Urgent Treatment Centre. The number of face-to-face contacts with patients in the community is approximately 200,000. As we have changed our services to support the delivery of safe care during the pandemic, we have had to change how we record our activity, which is why our data on face-to-face contacts in the community is approximate. Work is ongoing to address the accurate collection of data.

History and statutory background of the Foundation Trust

Torbay and South Devon NHS Foundation Trust is a statutory body which, in October 2015, became a public benefit corporation, 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.

Torbay and South Devon Foundation Trust ('the Foundation Trust') was established on 1 October 2015, following the acquisition of Torbay and Southern Devon Health and Care NHS Trust (providing community and adult social care) by South Devon Healthcare NHS Foundation Trust (providing acute services), thereby enabling the new organisation to implement a new model of integrated care. In creating the Integrated Care Organisation, a financial Risk Share Agreement was established with our partners, which has stood us in good stead and enabled major changes to how health and care is delivered for our local population.

The principal location of business of the Foundation Trust is Torbay Hospital, Lowes Bridge, Torquay TQ2 7AA.

In addition to the above, the Foundation Trust has 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;
- Totnes Hospital, Coronation Road, Totnes TQ9 5GH; and
- Walnut Lodge, Walnut Road, Torquay TQ2 6HP.

The Foundation Trust is 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; and
- Treatment of disease, disorder or injury.

As a Foundation Trust responsible for public funds, the Board of Directors is accountable to local people represented by the Council of Governors. Full guidance on how Foundation Trusts are required to operate is available from NHS Improvement.

Our year in highlights

Our staff and services went the extra mile to adapt to the pandemic

In response to the developing COVID-19 pandemic, we very swiftly adapted in order to keep our staff, patients and visitors safe. Below are just a few examples of what we did:

- We created COVID and non-COVID areas in our acute hospital, effectively running two emergency departments, and we relocated wards whenever needed throughout the year as we kept pace with the progress of the pandemic and the changing needs of our patients.
- We reassigned many staff to new or different roles, matching these roles to their experience and training.
- We continued to provide urgent and emergency care along with treatments and surgery for our cancer patients. This was made possible thanks to our partnership with Ramsay Healthcare who run our local private hospital Mount Stuart, which became a COVID-free site enabling our cancer patients to safely have surgery.

However, our year was not just about us learning to adapt to and live with COVID-19.

We continued with our plan to improve our estate – so we can provide more integrated, safe, quality care to our patients and give our staff a better environment in which to work.

In July, we opened a **new Acute Surgical Unit (ASU)** for treating people who need urgent assessment, help and input from the surgical team. The ASU receives referrals from our Emergency Department, GPs, or a clinicians from outpatient appointments. Our ASU has improved peoples' experience of receiving emergency surgical care.

To complement our ASU, we began work in March 2021 to build a **new Acute Medicine Unit (AMU).** This will replace our existing Medical Receiving Unit and increase capacity from 26 to 52 assessment spaces. Our new AMU will open in Spring 2022 and reduce overcrowding in our Emergency Department, giving everyone a much-improved environment, and helping to ensure people receive timely, high quality care in the right place for their needs.

Building a Brighter Future: In October we learned we were one of 40 hospitals in England to be given a share of £3.7 billion government funding for a new hospital development. It is not just about building a better hospital in Torquay. It is about 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. We have been developing a strategic outline case with our staff and key stakeholders which we will submit in summer 2021 and we will develop a more detailed

business case by summer 2022. We will take advantage of new technologies and the latest improvements in health and social care, planning not only for the needs of our people today but also for the future.

In December, South Hams District Council approved plans for our **new Health and Wellbeing Centre in Dartmouth**. Classic Builders won the £4.1 million contract in February, after a competitive tendering process. The new centre is a partnership project between us, the Dartmouth Medical Practice of GPs, Devon Clinical Commissioning Group and the voluntary sector, to bring together in one place all statutory organisations involved in providing health and care for the people of Dartmouth and the surrounding areas. If all goes to plan the new building will open in summer 2022.

We have a similar vision for a **new Health and Wellbeing Centre in Teignmouth**. This was the subject of a public consultation in early 2021 on the planned design of an £8 million new building, as part of the formal planning application process.

Digital innovations – we further embraced technology to better support our people
We further developed our commitment to using technology to provide better care to our people and to support our staff to work in new ways to deliver safe care. This was amplified due to the pandemic and the need to observe social distancing and keep everyone as safe as possible, while ensuring face-to-face appointments continued where clinically necessary and appropriate. Thanks to technology, our clinicians have been able to continue to speak to and see people and we have supported many people to self-manage their conditions through digital solutions.

We began using **Attend Anywhere**, a video platform to connect people with consultants. We launched **MS Connect**, a self-management app for local people with Multiple Sclerosis (MS). This is one of the first NHS MS apps in the country with local content, directly connecting people with their health and care professionals. By helping more people with MS to self-manage their condition, the app has empowered people while also enabling our MS team to support, treat and care for more people.

Our staff and partners have learned to communicate and meet remotely using **Microsoft Teams**. Many of our staff are now working from home to help protect our hospital and community spaces, keeping them as safe as possible for people who need treatment and care. This platform has been an invaluable resource that has enabled many of our staff and partners to carry on performing their roles, maintaining their communications links without endangering themselves, staff or patients through going to their normal places of work.

We have celebrated our staff's many awards and achievements
We are very proud of our staff and services whose dedication, innovation and achievements have been nationally recognised:

- The Daisy Award – an international awards programme that honours and celebrates the skilful, compassionate care nurses and midwives provide every day. Christina Harrison, one of our Emergency Department nurses, received the Daisy Award for Extraordinary Nurses.
- HSJ Value Awards – in September our Rheumatology Team in Torbay Hospital were awarded a finalist certificate. The award recognises the excellent work the

team have done to maintain safety and quality while expanding the number of people they see, and ensuring the availability of mutual support and self-management of people's conditions.
- Ward Accreditations – Ward Accreditation is part of the wider Nursing and Midwifery Excellence programme, and reflects the high standards of care our nurses provide our patients. Staff from the following wards received awards:
- Teign Ward, Newton Abbot Community Hospital – GOLD
- Dart Ward, Totnes Community Hospital – GOLD
- Louisa Cary (children's service), Torbay Hospital – SILVER
- Ainslie (orthopaedic injuries service), Torbay Hospital – BRONZE
- Dunlop (cardiac service), Torbay Hospital - BRONZE

Our research department has helped us to provide even better care for our patients
One of our research nurses, Angie Foulds, secured £20,000 funding from the National Institute for Health Research (NIHR) Network South West Clinical Research Associate Scheme – enabling her to complete her MSc dissertation in Advanced Nursing Practice, gain experience as a research principal investigator on NIHR studies and develop an, as yet untitled, PhD proposal.

We have been at the forefront in clinical research…
In February our Oncology Research and Development department began pioneering a radiotherapy trial called PACE to help prostate cancer patients. It involves using a new technique enabling the delivery of more focused, higher dosed radiotherapy over less visits (five as opposed to 20 – 25 visits) and is seen as an excellent alternative to surgery. We were proud to be the first site in the south west to open the trial. The trial has been made possible because of our purchase of two new radiotherapy treatment machines between 2016 and 2018. The trial could lead to us being able to provide local men with prostate cancer much improved treatments.

At the start of the pandemic we along with other providers in the south west supported the national RECOVERY trial led by Oxford University. This was a randomised clinical trial to test a range of potential treatments for COVID-19, including the low-cost drug dexamethasone. We were one of 175 hospitals taking part. The findings from the research helped in the care and treatment of patients hospitalised due to COVID-19, and in saving lives.

The research tables show that we were second among NHS providers in the south west region for opening COVID-19 trials and top for ensuring our inpatients who tested positive for COVID-19 were offered the opportunity to enrol in trials.

In 2020/21, the Foundation Trust, faced a number of challenges dominated by the COVID-19 pandemic, which are shown below and described in more detail within the Performance Analysis section and the Annual Governance Statement:

The financial risks related to:
- Achieving efficiency savings for 2020/21;
- The financial impact of actions to recover from the COVID-19 pandemic and the standing back-up of services towards the latter part of the year, in a controlled manner, which represented value for money; and
- The Trust's capacity to deliver activity to the required standards and activity levels.

The quality and safety risks related to:

- The ability to maintain safe, quality patient care and achieve best patient experience during the COVID-19 pandemic;
- The requirement for social distancing during COVID-19 on patient health and wellbeing; and
- The availability of specialist staff compromised by the additional demands placed on specific specialities as a response to the COVID-19 pandemic.

The risks to our people included:

- The risk of physical and mental consequences directly as a result of providing care to patients with COVID-19; and
- The toll on staff health and wellbeing as a consequence of the need for rapid and changes to working practices.

A number of operational risks had also been identified. These included:

- The ability to deliver the required activity levels given the sustained impact of COVID-19 increase in demand for services;
- The ability to deliver several national access standards, particularly the cancer maximum 62 day wait, the 18 week referral to treatment target, the 52 week waiting to start treatment standard and the diagnostic test six-week wait; and
- The impact of COVID-19 on national access standards resulting in reduced attendance at accident and emergency and minor injuries centres, the standing down of elective capacity, reduced capacity for surgical treatment and diagnosis, including testing.

Our vision is a community where we are all supported and empowered to be as well and as independent as possible, able to manage our own health and wellbeing, in our own homes. When we need care, we have choice about how our needs are met only having to tell our story once.

Our values and the NHS Constitution

The NHS belongs to all of us and the NHS Constitution sets out the rights and responsibilities of patients and staff. We have adopted the core values of the NHS Constitution, consistent with our vision and our aim to improve quality through partnership. Our staff will put patients and service users first by following the NHS Constitution's core values:

- Respect and dignity;
- Commitment to quality of care;
- Compassion;
- Improving lives;
- Working together for people; and
- Everyone counts.

Our partners

Our Foundation Trust is all about working in partnership with the people we serve at the centre. We work mainly with GPs and primary care, Devon County and Torbay Councils, the local community voluntary sector, and our main commissioner, now called NHS Devon Clinical Commissioning Group ('CCG') since the merger of NHS South Devon and Torbay CCG and NHS Northern, Eastern and Western Devon CCG, in April 2019. We have plans and continue our mission to deliver real change in how services are provided over the next few years.

Devon Sustainability and Transformation Partnership – One Devon

The Devon Sustainability and Transformation Partnership (STP) worked successfully during the year to achieve designation as an Integrated Care System from 1 April 2021.

The new Integrated Care System ICS) in Devon sees the three local authorities, NHS Devon CCG, NHS trusts, general practice, community services, mental health services, and the voluntary and community sector working together to improve the health of all residents, better support people living with multiple and long term conditions, prevent illness, tackle variation in care and deliver joined up services while getting maximum impact for every pound spent.

Jane Milligan was appointed to take up the role as Chief Executive of the ICS from 1 April 2021. Its vision is: "Equal chances for everyone in Devon to lead long, happy and healthy lives" and its route to achieving this is being set out in the Devon Long Term Plan. Partnership working under the STP has been at the heart of the Devon-wide response to COVID-19 and to the successful delivery of the vaccination programme. This has been underpinned by a common digital strategy that has allowed patients to be cared for safely through remote consultations and ensured the direct recording of vaccinations – even at non-NHS premises – on to the patient record.

It has also fostered close cooperation among Devon's acute hospitals in Exeter, Barnstaple and Torbay to increase resilience at times of high demand and ensure that services can be made available to patients even in highly specialist areas where recruitment of consultants can be challenging. The hospitals in Exeter and Barnstaple have continued to work towards establishing a single, integrated organisation providing both community and acute services.

As well as helping integration by creating many joint posts between the CCG and local authorities, the STP has forged strong links with voluntary, community and social enterprise organisations. This means collaborative working at a Devon-wide level to better meet the needs of patients and service users, but also strong partnerships in local communities where particular challenges can be met.

This has given rise to award-winning innovation, such as the Devon STP carers hospital service, which carried off a 2020 Health Service Journal award for its work to identify unpaid carers while they were still in hospital, reduce admissions and readmissions, and prevent crisis and a breakdown of caring arrangements.

A joint CCG initiative with Devon County Council and the voluntary sector in the form of Westbank Community Care and Health, the scheme at the Royal Devon and Exeter NHS Foundation Trust reduced ongoing health needs by 22%, reduced admissions by 16%, prevented carer breakdown in 15% of cases, and helped more timely discharge.

To support the thousands of staff who work across the STP, a Devon Health and Wellbeing Hub was set up. One of 40 across the country, to provide guidance and support to colleagues who have been under tremendous pressure since the beginning of the pandemic.

The Devon STP did work during the year to understand and improve the experience of care of our Black, Asian and Minority Ethnic (BAME) communities, taking account of the stark inequalities nationally among different ethnic groups. This has been highlighted by the COVID-19 pandemic.

It also worked to reach particular groups which may be disadvantaged. For example, partners worked with Devon and Cornwall Police to help ensure that those without access to the internet got vital information about COVID-19 and how to get help. A special Devon Together newsletter providing this information was delivered to 300,000 homes, mostly in rural and isolated communities.

Community projects focussed on wellbeing have flourished under the STP. One Northern Devon, for example, has gone from strength to strength, with collaborative working across both the region and its individual towns helping improve lives within these communities. These Devon STP schemes are now up and running in different forms across the county. The new ICS will give added focus to this work.

Key risks to performance, NHSE/NHSI standards, emergency access, 4-hour ED wait

As part of good governance, the Foundation Trust continues to identify potential risks to achieving its strategic developments. During 2020/21 the Foundation Trust continued to embed its risk management processes with its annual review of the risk management arrangements and the risk management strategy taking place. These processes were further strengthened in 2020/21 with a continuation of the Board's focus on risk appetite against each of the strategic risks in the Foundation Trust's Board Assurance Framework.

The Foundation Trust also continued to embed its risk management governance arrangements at Board Sub-Committee level, following the establishment of a People Committee during 2019/20 and the HIP2 Redevelopment ('Building a Brighter Future') Committee in 2020/21. The changes to the Board Assurance Framework implemented in 2020/21 has impacted positively on the Foundation Trust's ability to scrutinise and monitor its strategic risks and enabled each of the Board Sub-Committee's to be allocated specific responsibility for areas pertinent to their scope of work.

A detailed description of the principle risks and uncertainties facing the Foundation Trust is set out in more detail in the Annual Governance Statement. The key risks to the Foundation Trust during 2020/21 were:

Financial position

NHS England and NHS Improvement ('NHSEI') issued revised arrangements for NHS contracting and payment during the COVID-19 pandemic in March 2020. The approach outlined in the guidance set guiding principles to provide certainty for all organisations providing NHS-funded services under the NHS Standard Contract, which following the issue of further guidance, continued in place throughout the year. The guidance also set out to minimise the burden of formal contract documentation and contract management processes, so that staff could focus fully on the COVID-19 response.

The effects of COVID-19 affected all parts of the healthcare services, including the supply the supply chains vital to the Foundation Trust in the provision of its services. Maintaining business continuity and financial sustainability therefore was important, particularly the payment of staff and suppliers and the maintenance of cash flow. The Foundation Trust was able to respond and concluded the year showing a balanced financial position. Despite this, the requirement and focus to deliver year on year efficiency savings; investing in developing technology; maintaining an aging estate; and, responding to increasing demand and COVID-19 pressures continued.

Operational Services

The government launched a series of public information campaigns, which continued throughout the year, to highlight the risk of NHS capacity being overwhelmed due to the COVID-19 pandemic. Bed capacity, particularly the ability to treat patients with breathing difficulties remained a key risk during the year. The Foundation Trust worked closely with neighbouring Trusts in the Devon system, including the Exeter Nightingale Hospital, where additional facilities were provided, in order to manage demand for services.

Whilst the numbers of patients attending Accident and Emergency (A&E) continued in 2020/21, the aging estate impaired the Foundation Trust's ability at times to manage patient flow at an optimum level. This also placed additional pressure on the staffing levels across the Foundation Trust and staff morale.

Performance

The COVID-19 pandemic had an adverse impact on the final end of year reported performance and the Foundation Trust did not deliver the level of performance expected against all the key NHSEI performance standards. The challenge into 2021/22 will be to respond to the changing needs of health care services as the COVID-19 pandemic continues and maintaining critical services for the most clinically urgent patient's whist supporting longer term recovery plans for the patient's requiring more routine and less time-critical interventions.

A summary of the key clinical access performance standards used by regulators to assess our performance is set out below in the Performance Analysis Section.

Our People

The protection of staff and patients was a major concern during the COVID-19 pandemic, especially for those staff members particularly at risk. This included adherence to the

infection control policies, the provision of adequate Personal Protective Equipment ('PPE') in line with the guidance issued by Public Health England in April 2020, and staff and patients' general safety during the pandemic.

Ensuring that there were enough medically fit staff to provide care to patients was an issue for the Foundation Trust, and the NHS nationally. The emphasis of the Foundation Trusts health and wellbeing service was to ensure robust support for staff's physical and mental wellbeing, as well as to deploy the staff available to the clinical areas where they were most needed.

Transformation and partnerships

During 2020/21, the Foundation Trust realised significant steps forward in the development of its transformation and partnership working on a local and system-wide level. All Board members have played a role in supporting partnership working and with the formation of a shadow Integrated Care System ('ICS') in April 2021 this will progress. These partnership arrangements require, and will require as we move in to 2021/22, significant attention and commitment. It is important that these are balanced against the needs of the Foundation Trust to ensure that work is progressed at pace on a partnership level to deliver the needed changes in activity and patient care, while keeping a focus on performance and quality of services within the Foundation Trust.

Further detail on key risks are set out in the Annual Governance Statement.

Going concern

The Foundation Trust's 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, the Trust'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.

Performance Analysis

National and Local Standards

The purpose of this overview of performance is to provide the reader with sufficient information to understand how the organisation has performed against key regulator standards during the year.

During the reporting period, performance reports were provided monthly to the Finance, Performance and Digital Committee and the Board. These reports covered all the key national and local performance standards to provide assurance to the Board.

2020/21 has clearly not been a normal year with much of the statutory reporting overshadowed by the NHS response to the COVID pandemic. Operational and performance focus being on the escalation of services required to manage increases in COVID hospitalisations requiring the standing down of non-urgent work and then the reinstatement of services in the period between peaks of COVID hospitalisations. Locally this has required an unprecedented requirement to work in partnership with neighbouring providers the independent sector including acute and domiciliary and care home provision.

In line with the annual plan requirement to set out the Trust's performance against indicators described in the Single Oversight Framework, our performance is set out as follows:

	Target	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
NHS I - OPERATIONAL PERFORMANCE						
A&E - patients seen within 4 hours	>95%	86.1%	94.8%	91.9%	81.2%	82.2%
Referral to treatment - % Incomplete pathways <18 wks	>92%	76.2%	57.0%	62.1%	64.3%	62.3%
Cancer - 62-day wait for first treatment - 2ww referral	>85%	71.8%	80.9%	79.3%	78.9%	67.4%
Diagnostic tests longer than the 6 week standard	<1%	11.3%	41.1%	37.6%	47.9%	38.2%
Dementia - Find - monthly report	>90%	93.5%	94.5%	89.2%	97.7%	95.0%

4 Hour Emergency Department ('ED') waiting times:
In 2020/21, performance varied with the impact of COVID demand on services coupled with the operational capacity changes from the COVID pathway escalation and development work to reconfigure the department. This saw large changes through the implementation of building work to expand the Emergency Department footprint / capacity and to improve COVID pathway compliance/resilience. In addition, the creation of a front door assessment model that removed the bulk of direct GP emergency admissions to separate medical and surgical receiving units reduced footfall in the Emergency Department.

During the first wave of COVID (March to June), the emphasis was on responding to the rapidly rising COVID pandemic risk and the risk of hospital services being overwhelmed. This escalation required creating escalation capacity and the need to provide COVID secure pathways of care for patients and staff. In the second wave (autumn and winter) of COVID admissions, the emphasis remained on maintaining COVID capacity but this was set against a higher level of non-COVID emergency admissions more in line with normal seasonal levels and a requirement to maintain elective services against the backdrop of increasing waiting lists and need to maintain urgent elective pathways of care.

Referral to Treatment (RTT) access times: In 2020/21, the impact of the COVID response has saw most elective routine services stood down to varying degrees for a large part of the year. In the outpatient setting, a rapid shift to virtual outpatient consultations helped to offset the full impact of COVID restrictions on clinical practice and social distancing on the capacity to carry out normal levels of activity and face to face consultations. Elective admissions were restricted to the clinically urgent for most of the year. As a result, there has been a large deterioration in the compliance to 18-week RTT pathways and the overall number of patients waiting over 52 weeks increasing from 54 in March 2020 to 2,041 in March 2021.

Cancer standards: The Foundation Trust maintained its commitment to prioritise delivery of cancer standards throughout the COVID response. There was some overall deterioration in performance across the year however, given the massive competing demand on clinical service capacity and processes to respond to COVID escalation, the actions taken to preserve capacity for cancer pathways did mitigate further deterioration and any significant impacts of patient care outcomes.

As part of this mitigation response, the Trust used the provisions provided in the National COVID Contract with the independent sector to use facilities at the local independent provider hospital to support critical aspects of cancer and urgent diagnostic pathways that could not be maintained on the acute site.

Diagnostics: In 2020/21, the Foundation Trust saw the replacement of the MRI scanner (November 2020); implementation of a third CT scanner for completion in May 2021; and, additional an echo machine and recovery programme.

The provision of endoscopy services was severely compromised as aerosol generating procedures (AGP's) could not be carried out without implementing full PPE / screening and allowance for full room deep cleaning and sufficient air changes between patients. The need to comply with social distancing and screening in many instances severely restricted capacity over the course of the pandemic.

As a result, overall performance against diagnostic waiting times deteriorated during the year however, services were maintained to provide all urgent diagnostics as needed and emergency inpatient support. There were delays to routine diagnostic tests and this will continue to be part of the recovery planning into 2021/22.

Dementia Find: The assessment of patients who were admitted to hospital over the age of 75 for dementia was introduced as part of the updated Single Oversight Framework in October 2017. This standard was achieved with 95% of qualifying patients receiving timely dementia screening on admission to hospital.

Equality of service delivery: The Foundation Trust maintains its approach to equality of service delivery by adhering to strict chronological booking processes in accordance with clinical prioritisation and had adopted 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 clinical review of longest waits is in place to identify and act as a safety net should patients fail to engage with offered appointments. Further information relating to the Foundation Trust's plans and activities for promoting equality of service delivery can found in the Quality Account 2020/21.

Assurance and performance monitoring: Bi-weekly assurance meetings held with operational leads led by the Chief Operating Officer to review the key NHSI performance standards and operational plans were maintained throughout the year, apart from during the peak of the first wave of the pandemic response.

The overall governance reflects the new organisational and governance structure introduced in April 2019. This incorporates executive-led Integrated Governance Group (IGG) - performance review meetings with system leadership teams each month. The IGG gives assurance and review of items escalated from the integrated service unit (ISU's) monthly governance process, with each of the ISU's holding monthly review meetings to review performance metrics and escalation of any emerging risks.

This process gives the executive team and Board of Directors assurance over performance and actions being taken.

Summary of performance - 2020/21 compared to 2019/20

	This year (2020/21)	Previous year (2019/20)
Total revenue income	£559,965,000	£500,209,000
Foundation Trust funded capital expenditure	£35,085,000	£17,176,000
Total revenue expenses (including PDC and Finance Expense)	£560,089,000	£518,251,000
Pay expenditure (excluding capitalised costs)	£285,743,000	£269,413,000
Non-pay expenditure (including PDC and Finance Expense)	£274,346,000	£248,838,000
How much we spend per day (excluding depreciation and impairments)	£1,577,000	£1,431,000
Worked FTE*	6,093	5,939
Staff numbers headcount	6,743	6,538

*FTE: Full-Time Equivalent and includes worked FTE of bank and agency staff.

Financial performance

Funding overview

The Foundation Trust earned over £559 million of income during 2020/21, primarily from clinical activities, but also received a significant contribution from education and training and other income generation activities.

In 2020/21 the majority of the Foundation Trust's clinical income was received through block contract income streams received via Devon Clinical Commissioning Group and Torbay Council. A top-up income stream through NHS England was also in place during 2020/21 to help NHS organisations respond appropriately to the COVID-19 pandemic. Infection control grant income received through Torbay Council was also used to support the Independent Sector care providers' response to the COVID-19 pandemic.

The response to the COVID-19 pandemic meant significant changes to the services provided and organisational priorities of the Foundation Trust. As a consequence of the directive issued by the Government, the Foundation Trust mobilised plans to prepare for the increase in COVID-19 related cases. The changes required to estates and service provision was significant, resulting in increased pay expenditure, additional annual leave

accrual, and increased independent sector non-pay costs. During 2020/21, the Trust also benefitted from the provision of Personal Protection Equipment (PPE) 'push-stock', received directly from the Department of Health and Social Care, the value of which has been quantified at £3.8m. £3.2m of the PPE 'push-stock' received was used in year.

As with 2020/21, the Department of Health and Social Care has put in place Block Income Contracts for the first half of the 2021/22 financial year, that will provide the organisation with some financial stability. These contracts will also incentivise organisations to increase their elective and diagnostics activity in light of increases in waiting lists as a result of the pandemic.

The funding arrangements for the second half of the 2021/22 financial year are currently less clear. It is likely that funding allocations to the Trust's main commissioner, i.e. Devon Clinical Commissioning Group will change with effect from 1st October 2021 - the outcome of this potentially being less income for the Trust from that point onwards. In this eventuality, the Trust will work with its Commissioners and its Regulators to ensure that adequate financial support is in place.

As the Foundation Trust enters the COVID-19 recovery phase in 2021/22, the return of capacity is constrained by compliance with social distancing, infection control requirements and available facilities. It is therefore forecast that capacity, and consequently income in the second half of the year, will for some planned care services, remain below historical levels for an interim period of time.

Value for Money

As an NHS Foundation Trust, we focus on ensuring the best possible economy, efficiency, and effectiveness in the use of resources. We aim to provide the best possible health and social care within available resources. Ensuring value for money in all the Foundation Trust's activities is therefore ordinarily a fundamental part of our financial strategy.

However, due to the COVID-19 pandemic NHS organisations were during 2020/21, instructed by the Department of Health and Social Care to focus on responding to the crisis and not to focus significant efforts on reducing cost bases. As NHS organisations move out of the crisis mode of responding to COVID-19, there will be renewed focus on delivering sustainable savings, some of which may be driven from the different approaches the Trust adopted whilst delivering care through the pandemic. The Foundation Trust is targeting the delivery of recurrent savings totalling £20.0m by 31 March 2022.

To help demonstrate value for money, the Foundation Trust uses benchmarking information such as the NHS productivity metrics. For procurement of non-pay related items, the Foundation Trust has 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 new National Audit Office ('NAO') Code for 2020/21, the Foundation Trust's external auditor, Grant Thornton LLP, will issue an Auditor's Annual Report providing a commentary on the Trust's arrangements to secure Value for Money. This will be reported to the Foundation Trust in September in accordance with NAO's timeline for 2020/21.

Capital developments during the last year

During 2020/21 the Foundation Trust continued to invest in its facilities and equipment and carried out capital projects totalling £35.1 million. In addition to this sum, the Foundation Trust received charitable donations totalling £0.1 million and Department of Health and Social Care granted Medical Equipment totalling £1.2m to help with the Trust's response to the COVID-19 pandemic. Part of the Foundation Trust's 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 finance leases with commercial providers.

Cashflow

The Foundation Trust's underlying debt improved during 2020/21, when the Department of Health and Social Care converted circa £40.3m of loans to Public Dividend Capital. The Trust's cash position has increased, from a starting point at 1 April 2020 of £10.1m, to a sum of £45.4m at 31 March 2021. This is driven by a reduced level of debtors and increased level of trade and other payable creditors at 31 March 2021,as well as better income and expenditure performance in comparison to 2019/20.

The increased value of trade and other payable creditors totalling circa £20.7m will however unwind over the first part of the financial year 2021/22 as supplier's invoices become due for payment. Likewise, the value of contract receivable debtors are likely to increase in the second half of the financial year if more of the Foundation Trust's income is derived from variable activity as opposed to being paid through block contracts.

During 2021/22, the Foundation Trust will continue to maintain detailed cashflow forecasts to assist with cash planning. Where necessary the Foundation Trust will request financial support from arrangements that are proven and already in place with the Department of Health and Social Care to ensure that the Foundation Trust continues to meet its contractual obligations to suppliers, staff and other government agencies.

Financial framework

Being licensed as an NHS Foundation Trust means that the Foundation Trust, as well as being more accountable to its local public and patients, has greater financial freedoms. NHS Foundation Trusts are free to retain any surpluses they generate and to borrow to support investment.

As noted in Part II of the annual report, the Foundation Trust's financial performance is monitored by NHS Improvement.

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.

The Covid-19 pandemic has had a significant impact upon charitable giving. The Trust has been fortunate to receive £48,000 of donations directly from the general public and a further £183,000 from NHS Charities Together, the organisation which has collected and distributed Covid-19 donations made to the NHS as a whole. These generous donations have been used primarily to invest in facilities which will strengthen staff morale and enable staff to work more effectively over the long term, with a smaller proportion used to improve the experience of patients during the pandemic.

Based upon the most up to date figures (subject to audit), in 2020/21 the Charitable Fund received donations and legacies totalling £617,000. In addition to the Covid-19 funding described above, this included very generous donations of £105,000 from the Leagues of Friends of our Hospitals towards the purchase of equipment and other items. The Charitable Fund also received £57,000 from Torbay Medical Research Fund in respect of various research projects within the Foundation Trust.

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 the Charitable Fund's Annual Report and Accounts, which is produced by the Foundation Trust in its role as Corporate Trustee.

Emergency Preparedness, Resilience and Response (EPRR)

On 30 September 2020, the Foundation Trust Board received and signed off the outcome of the NHS England / CCG EPRR core standards assessment for 2020 in relation to its responsibilities as a Category 1 responder under the Civil Contingencies Act (2004). Assurance was provided to the Board that the Trust was partially compliant, with 48 out of the 50 EPRR core standards being met; the two amber ratings related to outstanding business continuity plans.

Given business continuity planning is a key priority for the Trust, the outcome of the assessment was escalated in October 2020. The Chief Operating Officer commissioned a clear action plan with oversight from a dedicated lead manager and communication strategy. The system leads are fully engaged with the process and accountable managers are leading across the Trust Integrated Service Units.

At the point of writing this report, the Trust now has 127 compliant Business Continuity Plans ('BCPs') and is therefore 97% compliant as an organisation. The remaining four BCPs are being reviewed due to Estates, Facilities, Management failures that occurred during winter 2020/21 and will be finalised by the end of May 2021. Work will also be

shortly underway by the new EPRR lead and supported by the Resilience Officer, to perform table-top exercises with service leads to ensure that robustness of the BCPs in place.

In addition to the assessment against core standards, the Trust has provided assurance to NHS England and the Clinical Commissioning Group that:

a) Any organisational changes that have impacted the organisations state of preparedness and assurance have been incorporated into plans;
b) Compliance with business continuity plans;
c) Infection Prevention and Control Policy has been reviewed and updated to incorporate learning and guidance related to COVID-19;
d) Internal debrief has been undertaken and an overview of key lessons identified and actions taken following the debrief; and
e) Lessons identified relevant to winter preparedness have been incorporated into the organisation's winter planning.

The Trust's response to the COVID pandemic benefited from exceptional early planning across the breadth of the Trust's site. Safety adaptations to clinical and non-clinical locations were incorporated with IPC modifications where necessary. The Gold, Silver and Bronze incident control structure was maintained throughout and the Trust's EPRR response was well-led and managed.

Environmental matters and the impact on the environment

Our Foundation Trust recognises that climate change is a risk to health at both the national and global level. As a provider of healthcare and as publicly-funded organisation, we are committed to ensuring the long-term sustainability of the natural environment in order to deliver sustainable healthcare and to safeguard human health.

In 2020, NHS England published a report entitled *Delivering a 'Net Zero' National Health Service*, which outlines the organisation's commitment to respond to the health emergency that arises from climate change. NHS England has defined two clear targets, which Torbay and South Devon are aligned to, which are:

- 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; and
- 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.

It is through working towards achieving these goals that the Foundation Trust will have its most significant impact towards mitigating the climate emergency. The Foundation Trust's energy consumption and therefore carbon impact is affected by multiple factors including floor area, number of staff, patient numbers, type of healthcare being delivered, local climate and efficacy of estate management. Data is not easily available to assess the impact of each of these and so we typically track carbon impact through our emissions averaged across occupied floorspace. This normalises for any significant changes to the Foundation Trust estate and allows benchmarking against similar acute Trusts. Historically data availability has not been optimal and thus a recent baseline year has been selected to track Foundation Trust emissions.

Furthermore, we are currently in the process of developing an ongoing basis for tracking emissions which are extraneous to our built environment including; business travel, anaesthetic and refrigerant gas fugitive emissions and emissions associated with waste and water use.

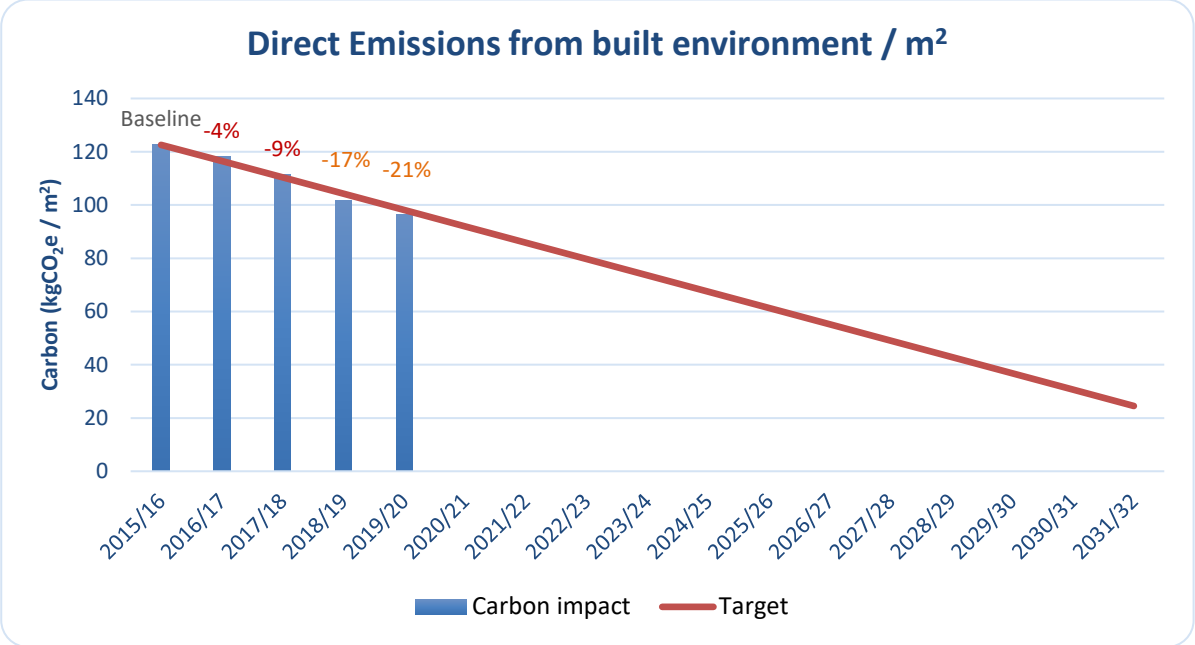


Figure 1: Annual carbon impact of TSD built environment

Figure 1 shows the Foundation Trust's progress with regard to reducing our carbon impact. The red line represents the trajectory the Foundation Trust needs to adhere to in order to achieve an 80% reduction by 2032 as per NHS England's wider goal. The Foundation Trust is currently meeting its' target for the Foundation Trust's built environment although it is appreciated that maintaining the current rate of reduction will become more challenging as time goes on. Furthermore, as previously stated, it is imperative that we build our peripheral direct emissions (transport and fugitive gas releases) into our trending.

There are several areas of focus which the Foundation Trust expects to contribute towards a continued decrease of overall emissions. In the short-term, the Estates & Facilities Team have scoped out a number of investment opportunities to decarbonise the estate and have applied for central government funding to support the delivery of these. Opportunities include LED lighting and Air Handling Unit fan upgrades at Torbay Hospital, lighting and Building Management System upgrades at community sites and implementation of heat pumps for the generation of domestic hot water at community sites. The decision on funding award is currently pending but the Foundation Trust expects to take one or more of these schemes forward in the near-future with priority being designated to LED lighting schemes which are expected to save 125 tCO_2e p.a.

Longer-term the Foundation Trust is considering a number of initiatives to focus on. We are currently in early-stage discussions with the Torbay Development Agency to support the development of a large solar PV array adjacent to the Torbay Hospital site through a private Power Purchase Agreement for the supply of renewable electricity. This offers an excellent potential for the Foundation Trust to secure locally-generated green electricity for a long-term.

As part of the national Health Infrastructure Plan (HIP2), the Foundation Trust has been identified to receive funding to redevelop the estate and to provide more digitally enabled clinical services. Any new hospital buildings built under HIP2 will embed net zero carbon design and energy generation strategy into the redevelopment of the estate.

Detailed strategies are currently being developed, however the overarching objective will be to ensure new digitally enabled services are provided within new building stock of net zero carbon design and where building stock is retained the existing buildings will be improved and modified to enable transition to low carbon heat generation. As part of the HIP2 programme named as Building a Brighter Future, we will also aspire to electrify our transport fleet.

Social and community issues

The Foundation Trust has a significant profile in the local area and sees its community role as important both as a health care provider and potential local employer. In addition to which our staff support many health related groups in both a business and voluntary capacity. We also enable our staff to play a full part in the community, for example by acting as governors for schools and colleges.

During the year our programme of hosting open events for students and colleges on site was curtailed due to adherence government guidelines and social distancing rules. Our planned programme of Member Events for Foundation Trust Members was also deferred due to COVID-19 restrictions.

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. The Foundation Trust commissioned a management database system to support the Foundation Trust's compliance with NHS England guidance on managing conflicts of interest. This database system went 'live' with effect from 1 April 2019 and is now well embedded. Throughout the year, the Foundation Trust has run awareness campaigns to remind staff of the requirement to comply with NHS England Guidance and the Bribery Act 2010. Given the increase in donations to the NHS and in particular front-line staff during the year as a direct consequence of the COVID-19 pandemic, the Foundation Trust has increased the frequency of staff communication briefing in order to support staff compliance with Trust Policy.

We encourage anyone with a concern to speak out and report concerns through Trust governance processes and Foundation Trust policies and procedures. Employees can raise concerns through internal channels, either via the Freedom to Speak Up Guardians ('FTSU') or the LCFS. The FTSU and LCFS report periodically 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 People matters – 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 the Foundation Trust's 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.

We have a number of policies in place which cover social, community, counter fraud, bribery and human rights matters. A process is in place to ensure that none of our policies have an adverse or discriminatory effect on patients and staff.

The Foundation Trust has a Board approved anti-slavery and human trafficking statement, which is published on its website.

Important events since the end of the financial year

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

Overseas operations

The Foundation Trust does not operate outside England.

Liz Davenport, Chief Executive

28 June 2021

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 the Foundation Trust's performance, business model and strategy.

The Foundation Trust Board of Directors

The Foundation Trust Board of Directors ('the Board') has collective responsibility for the exercise of all the powers of the Foundation Trust. The general duty of the Board and of each Director individually, is to act with a view to promoting the success of the Foundation Trust to maximise the benefits for the members of the Foundation Trust 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 Foundation Trust, its 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.

The Foundation Trust Constitution specifies that the Board of Directors shall comprise:

- a Non-Executive Chairman;
- not less than five and no greater than eight other Non-Executive Directors;
- a Chief Executive and not less than four and no more than seven Executive Directors; and
- at least half of the Board, excluding the Chairman, are Non-Executive Directors.

To ensure the balance and effectiveness of the Board, the Foundation Trust 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; and
- the Board of Directors shall always be constituted so that the number of Non-Executive Directors (excluding the Chairman) equals or exceeds the number of Executive Directors.

Appointments to the Board both of Executive and Non-Executive Directors in the reporting period meant that the Board was fully constituted. The position of Deputy Chief Executive, previously a joint-Executive role was appointed to as a stand-alone role in September

2020. Whilst this resulted in the Board of Directors being constituted with equal numbers of Non-Executive Directors and Executive Directors, the Board were cognisant of the appointment being on a time limited basis, and that the Chairman retained a casting vote should this be required for Board decision. Since the year-end a permanent and joint-Executive appointment has been agreed, resulting in the constitution of the Board reverting to a majority of Non-Executive Directors.

The Board is accountable to stakeholders for discharging its general duties and is responsible for organising and directing the affairs of the Foundation Trust and its services in a manner that will promote success and is consistent with good corporate governance practice, and, for ensuring that in carrying out its duties, the Foundation Trust meets its legal and regulatory requirements. In doing so, the Board of Directors ensures that the Foundation Trust 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:

- the Foundation Trust's long-term objectives and financial strategy;
- annual operating and capital budgets;
- changes to the Foundation Trust's senior management structure;
- the Board's overall 'risk appetite';
- the Foundation Trust's financial results and any significant changes to accounting practices or policies;
- changes to the Foundation Trust's capital and estate structure; and
- conducting an annual review of the effectiveness of internal control arrangements.

The Foundation Trust Board of Directors delegates responsibility to the Chief Executive to:

- enact the strategic direction of the Foundation Trust Board of Directors;
- manage risk;
- achieve organisational compliance with the legal and regulatory framework;
- achieve organisational objectives;
- achieve specified standards of quality and performance; and
- 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 the Foundation Trust 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; or

- A person who falls within the further grounds for disqualification as described in the Foundation Trust's Constitution.

Composition of the Board of Directors

The Board of Directors as at 31 March 2021 is shown below:

Non-Executive Directors	Executive Directors
Richard Ibbotson – Chairman	Liz Davenport – Chief Executive
Sally Taylor – Non-Executive Director and Vice Chair	Rob Dyer – Deputy Chief Executive
Jacqui Lyttle – Non-Executive Director and Senior Independent Director	Ian Currie – Medical Director
Chris Balch – Non-Executive Director	Judy Falcão – Chief People Officer
Vikki Matthews – Non-Executive Director	John Harrison – Chief Operating Officer
Paul Richards – Non-Executive Director	Adel Jones – Director of Transformation and Partnerships
Robin Sutton – Non-Executive Director	Deborah Kelly – Chief Nurse
Jon Welch – Non-Executive Director	David Stacey – Chief Finance Officer

The Board has an additional non-voting director – Dr Joanne Watson, Health and Care Strategy Director.

Since the year-end there have been no changes in Board membership.

The gender balance of the Board as at 31 March 2021 was:

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

Biographies of the members of the Board are provided at "Appendix A – Biographies of the Board of Directors".

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 the Foundation Trust. 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 Improvement Code of Governance. The Chairman has no other significant commitments that affected 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 the Foundation Trust's website or by contacting the Trust Secretary at the address given at "Appendix B – Further information and contact details".

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

Independence of the Non-Executive Directors

The Foundation Trust 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 Foundation Trust Board of Directors

The Board has established the 'statutory' Committees required by the NHS Act 2006 and the Foundation Trust Constitution. The Non-Executive Nominations and Remuneration Committee, and the Audit Committee each discharge the duties set out in the Foundation Trust 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, Finance, Performance, and Digital Committee and People Committee.

Following the government's announcement of a number of hospital construction projects and the decision approve funding for the redevelopment of Torbay Hospital, a new Board Sub-Committee was established in 2020, for the purpose of monitoring progress against project plan within the agreed timeframe. The Committee was established as the Hospital Infrastructure Plan ('HIP2') Committee and has since be renamed as 'Building a Brighter Future Committee'.

During the year the Foundation Trust also established an Ethics Committee in response to the COVID-19 pandemic, with the aim of supporting clinicians operating under extreme pressure and to provide reassurance around decision-making, particularly during the pandemic.

The role, functions and summary activities of the Board's Committees are described in the Accountability Report.

(a) 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 of the Foundation Trust, 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 Foundation Trust, and the skills and expertise that will be needed on the Board of Directors in the future.

The Foundation Trust is 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 Monitor 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 a number of 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 Deputy Chief Executive and Medical Director. The Committee was supported in the recruitment process of Executive Directors 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.

(b) Audit Committee

The Foundation Trust's Audit Committee works in parallel with the Trust's Board Sub-Committee's. A review of Non-Executive Director portfolios was undertaken during the year and membership was refreshed to comprise the Non-Executive Chair of each of the Board Sub-Committee's, namely Finance, Performance and Digital Committee, People Committee, Quality Assurance Committee and HIP2 Redevelopment Committee. The Audit Committee retained the Non-Executive Vice-Chair as Committee Chair. This membership continues to provide the Non-Executive Directors with two perspectives on similar or related data, allowing for comparison or 'triangulation' in considering due processes as well as tangible outcomes.

Terms of Reference for the Audit Committee is published in the public domain. The Audit Committee reviews the effectiveness of systems of governance, risk management and internal control across the whole of the Foundation Trust's activities. By comparison, the Quality Assurance Committee reviews the actions being taken by the Foundation Trust to ensure the on-going maintenance of standards of quality of care, and improvements where necessary to patient experience.

During 2020/21 the Audit 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 set out in Secretary of State Directions and as required by the Counter Fraud and Security Management Service; and
- 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 an update on the impact of COVID-19 and in particular the new guidance issued by NHSEI, in conjunction with the Financial Reporting Advisory Board and HM Treasury, to defer implementation of IFRS 16 in the public sector for a further year to 2022/23. Other areas of note reported on included the assessment of going concern, annual leave accruals, work in progress/partially completed spells, COVID stock and equipment donated to Trusts by the centre, valuations and areas of judgement and accrual of costs following agreement regarding the Flowers case.

The Committee met on six occasions in the reporting period, and was attended by the Chief Finance Officer and other senior managers, including the Deputy Director of Finance, Chief Nurse and Company Secretary. The Chief Executive and Trust Chair attended on occasions in an observer capacity. A governor observer was also in attendance. Representatives from the external auditor (Grant Thornton), internal auditor (ASW Assurance) and the Trust's 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 Foundation Trust's external auditor (Grant Thornton LLP) has not provided any additional non-audit services during the period. In the previous financial year, the Foundation Trust commissioned the Foundation Trust's external auditor for that period (PriceWaterhouseCoopers LLP) to undertake a data quality review. This work completed in 2020/21 for a value of £48k.

Audit Committee Chair's opinion and report

In support of the Chief Executive's responsibilities as Accounting Officer for the Foundation Trust, the Audit Committee has examined the adequacy of systems of governance, risk management and internal control within the Foundation Trust, 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 Foundation Trust include aspects of excellence as well as aspects in which on-going attention to the control improvement is required;
- financial controls are sufficient to provide reasonable assurance against material misstatement or loss; and
- the quality of both internal audit and external audit over the past year has met all Trust' 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 internal control across the whole of the Foundation Trust'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 adjusted during the year to reflect the ongoing COVID-19 pandemic and the need to gain assurance, for example on COVID-related financial arrangements and core governance arrangements;

- 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 Foundation Trust'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 concluded the tender exercise for the appointment of external auditor and made a recommendation to the Council of Governors. The Council of Governors approved the appointment of Grant Thornton LLP as the Foundation Trust's external auditor on a three year contract (plus a further two years) commencing with the provision of audit services for the financial year 2020/21;
- 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 reviewed the findings of other significant assurance functions, both internal and external to the organisation, and considered the implications to the governance of the Foundation Trust. This included a regular report from the NHS Counter Fraud Service; and
- we specifically reviewed the Foundation Trust's information governance procedures, and sought assurances regarding the control of data used in the Quality Report.

(c) Quality Assurance Committee

The Foundation Trust Board of Directors has established the Quality Assurance Committee to support the Board in discharging its responsibilities for monitoring the quality of the Foundation Trust'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 NHSI's Oversight Framework). The Committee's work plan is aligned to the Foundation Trust'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;

- operational and strategic risks relating to COVID-19;
- data and quality and safety metrics in relation to never events, long stay patients with mental health and domiciliary care; 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 CQC improvement plan;
- internal audit reports relating to patient safety and quality;
- patient surveys that also included reports on patient experience; and
- the Integrated Quality, Finance, and Performance Report from a quality and safety perspective.

A programme of service reviews during the year was introduced during the year enabling the Committee to undertake a detailed deep-dive in to specific services or specialties. To date the Committee has conducted deep-dives in to the diagnostics service and maternity governance and safety – the latter being especially timely given the findings of the Ockenden Report.

Additional reviews included an investigation report in to the discharge of patients from community hospitals, 'on the day' cancellations process, roll-out of NEWS2 to wards and community hospitals and a diagnostics deep-dive and harm review assurance report.

The Committee met six 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 Company Secretary. The Chief Executive and Audit 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.

(d) Finance, Performance, and Digital Committee

The Finance, Performance, and Digital Committee has delegated authority from the Foundation Trust 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 Foundation Trust;
- target level of efficiency savings and actions to ensure these are achieved;
- budget setting principles;
- year-end forecasting;
- commissioning; and
- capital planning.

The Finance, Performance, and Digital Committee met on twelve occasions during this reporting period. The Chief Executive and Audit 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.

(e) People Committee

The Foundation Trust established a People Committee in October 2019. The purpose of the People Committee is to provide assurance to the Board on the following:

- national workforce guidance and strategies;
- People Plan and associated activity/implementation plan(s) to support Foundation Trust forward strategy;
- key people and workforce performance metrics and targets for the Foundation Trust;
- provide assurance on those elements of the Board Assurance Framework identified as the responsibility of the Committee;
- effectiveness of staff communication and levels of staff engagement;
- strategic people and workforce issues at national and local level; and
- act as an early point of contact for the Freedom To Speak Up 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;
- A deep-dive in to the staff appraisals process with a focus on the quality aspect of development reviews;
- Received reports on progress against development of the Foundation Trust's '*Our People Plan and Promise'* culminating in approval of the final plan;
- Reviewed the Workforce information including pay and absence information;
- Reviewed talent management and succession planning arrangements;
- Received reports on the Workforce Transformation Programmes; and
- 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 and the Chief Nurse. The Chief Executive and Audit Committee Chair attended on occasions in an observer capacity. A Governor observer was invited to attend and was present at each meeting.

(f) Building a Brighter Future Committee (formerly HIP2 Redevelopment Committee)

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 'Building a Brighter Future' HIP2 Programme, and to support the successful achievement of the Programme investment objectives and realisation of the stated benefits. The Committee also provides assurance around achievement of the objectives set out in the Programme; 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 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 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 Foundation Trust 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; and
- 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 Impact Assessments, and that processes would be in place to monitor their on-going 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 NHS Improvement by the end of June 2021, which was prepared after due and careful enquiry. The Annual Governance Statement provides further information.

Membership and attendance at Board and Committee meetings

The Foundation Trust Board of Directors discharged its duties during 2020/21 in ten meetings, and through the work of its Committees. The Chairman of the Board submitted a report to the Council of Governors (the ‘CoG’) at each meeting, highlighting any matters requiring disclosure to the Council.

The table below shows the membership and attendance of Directors at meetings of the Board and Board Committees during the year.

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.

2020-21	Foundation Trust 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
No. of meetings	10	3	14	6	6	12	6	6
Richard Ibbotson	C10(10)	C3(3)	C14(14)	-	-	-	-	-
Liz Davenport	9(10)	3(3)	10(14)	-	-	-	-	-
Chris Balch	9(10)	3(3)	9(9)	5(6)	-	C7(12) 5(12)	6(6)	6(6)
Jacqui Lyttle	9(10)	3(3)	14(14)	5(6)	C6(6)	-	-	-
Vikki Matthews	10(10)	3(3)	10(14)	6(6)	5(6)	-	C6(6)	-
Paul Richards	10(10)	3(3)	8(9)	6(6)	-	7(12) C5(12)	-	6(6)
Robin Sutton	10(10)	3(3)	9(9)	5(5)	-	11(12)	-	6(6)
Sally Taylor	10(10)	3(3)	14(14)	C6(6)	-	-	-	-
Jon Welch	9(10)	3(3)	6(9)	5(5)	6(6)	-	5(6)	-
Ian Currie**	5(5)	1(2)	-	-	4(4)	4(7)	1(4)***	5(6)
Lesley Darke*	4(5)	-	-	-	-	3(4)	-	-
Rob Dyer*	10(10)	1(3)	-	-	-	-	-	6(6)
Judy Falcão	10(10)	3(3)	-	-	4(6)	-	6(6)	-
John Harrison	5(10)	2(3)	-	-	4(6)	6(12)	1(6)	-
Adel Jones	9(10)	2(3)	-	-	-	11(12)	-	-
Deborah Kelly	5(5)	3(3)	-	-	4(4)	3(8)	1(4)***	-
David Stacey	10(10)	3(3)	-	-	-	12(12)	-	5(6)
Jane Viner	3(5)	0(0)	-	-	1(2)	2(4)	1(2)***	-
Joanne Watson*	0(1)	1(1)	-	-	-	-	-	-

*non-voting director

**attended Board meetings and Board sub-committee meetings in his capacity as Acting Medical Director until 13 September 2020 and Medical Director from 14 September 2020

***joint membership

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 2020/21 in accordance with the new guidance issued by NHS England/NHS Improvement '*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 NHSI Regional Director, Chair and Chief Operating Officer in accordance with the aforementioned guidance.

The Foundation Trust 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. The Board approved the commissioning of an external developmental review of leadership and governance using the Care Quality Commission well-led framework in Q4 2019/20 and appointed Deloitte LLP to undertake the review. In making the appointment Deloitte LLP were considered to be independent, albeit they had been appointed to provide consultancy advice for an ongoing business project. Although delayed slightly as a consequence of the COVID-19 pandemic, the review was undertaken in Q3 2020/21 and the final report published in Q4 2020/21.

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 Company 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; and
- to represent the interests of the members of the Foundation Trust 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 Foundation Trust Board of Directors to design and implement the strategy of the Foundation Trust. The Council of Governors and Foundation Trust Board of Directors communicate principally through the Chairman who is the formal conduit and Chairman of the two corporate entities. 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 have regularly attended meetings of the Council of Governors and Governors have regularly attended meetings of the Board.

During the reporting year, meetings in person have not taken place and therefore attendance has taken place virtually 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:

- the Annual Plan;
- the Board's strategic proposals;
- clinical and service priorities;
- proposals for new capital developments; and
- engagement of the Foundation Trust's membership and the public.

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

Membership and attendance at Council of Governors' meetings

The table below shows the membership and attendance of Governors at meetings of the Council of Governors during the year. Figures in brackets indicate the number of meetings the individual could be expected to attend by their membership of the Council of Governors.

Public Constituencies			
Name	**Constituency**	**Tenure**	**CoG Attendance**
Craig Davidson	South Hams and Plymouth	Re-elected – 01 Mar 2019	3/3
Mary Lewis	South Hams and Plymouth	Re-elected – 01 Mar 2019	3/3
Jonathan Shribman	South Hams and Plymouth	Elected – 01 Mar 2020	3/3
Carol Day*	Teignbridge	Re-elected – 07 Mar 2019	2/3
Chris Edwards	Teignbridge	Elected – 07 Mar 2019 Resigned – 12 Mar 2021	3/3
Eileen Engelmann	Teignbridge	Elected – 07 Mar 2019	3/3
Annie Hall	Teignbridge	Re-elected – 07 Mar 2019	2/3
Barbara Inger	Teignbridge	Re-elected – 01 Mar 2018 Deceased – 29 Dec 2020	2/2
Michael James	Teignbridge	Term ended 28 Feb 2021 Elected 13 Mar 2021 to fill vacancy	2/3
John Smith*	Teignbridge	Re-elected – 07 Mar 2019	2/3
Jean Thomas	Teignbridge	Elected – 01 Mar 2021	0/0
Mark Tyrrell-Smith	Teignbridge	Elected – 01 Mar 2021	0/0
Michael Birch	Torbay	Elected – 07 Mar 2019 Deceased – 14 Jul 2020	0/0
Loveday Densham	Torbay	Elected – 01 Mar 2021	0/0
Gary Goswell-Munro	Torbay	Term ended – 28 Feb 2021	1/3
Steven Harden	Torbay	Re-elected – 01 Mar 2020	1/3
Lynne Hookings	Torbay	Re-elected – 07 Mar 2019	2/3
Febuary Howson	Torbay	Elected – 01 Mar 2021	0/0
John Kiddey	Torbay	Elected – 01 Mar 2020	2/3
Andrew Stilliard	Torbay	Elected – 01 Mar 2020	3/3
Elizabeth Welch	Torbay	Term ended – 28 Feb 2021	2/3
Keith Yelland	Torbay	Elected – 01 Mar 2021	0/0

*Lead Governor: Carol Day to 2 February 2021/John Smith from 3 February 2021

Staff-elected governors (staff constituency), 6 representatives (2 vacancies)			
Name	**Class**	**Tenure**	**CoG Attendance**
Matthew Arthur	Paignton and Brixham ISU	Elected – 01 Mar 2021	0/0
Emily Huggins	Trustwide Operations and Corporate Services ISU	Elected – 01 Mar 2021	0/0
Deborrah Kelly	Torquay ISU	Elected – 01 Mar 2021	0/0
Cristian Muniz	Coastal ISU	Elected – 01 Mar 2020 Resigned – 04 Dec 2020	0/2
Radia Woodbridge	Moor to Sea ISU	Elected – 01 Mar 2021	0/0

Appointed governors (partner organisations)			
Name	**Organisation**	**Tenure**	**CoG Attendance**
Derek Blackford	South Devon and Torbay CCG	Re-appointed – 01 Apr 2020	0/3
Jonathan Hawkins	Devon County Council	Appointed – 14 May 2019	2/3
Lorraine Evans	Teignbridge Council	Appointed – 18 Jun 2019	1/3
Nicole Amil	Torbay Council	Re-appointed – 01 Oct 2020	3/3
Rosemary Rowe	South Hams District Council	Appointed – 25 Jul 2019	1/3

Governor elections

In order to refresh the Council of Governors and bring a diverse range of views in to the Foundation Trust, elections are held every year. These elections are held in the various geographical or staff constituencies of the Foundation Trust. During 2020/21 the following elections were held with each member being offered a 3 year term of office, except for Michael James who was elected for a term of one year as the next highest scoring candidate to fill a seat vacated by a Teignbridge Governor.

Torbay	Loveday Densham	Elected	24.6%
Torbay	Febuary Howson	Elected	
Torbay	Keith Yelland	Elected	
Teignbridge	Jean Thomas	Elected	25.4%
Teignbridge	Mark Tyrrell-Smith	Elected	
Teignbridge	Michael James	Elected	
Staff (Moor to Sea ISU)	Radia Woodbridge	Elected	13.1%
Staff (Torquay ISU	Deborrah Kelly	Elected unopposed	Not applicable
Staff (Paignton & Brixham ISU)	Matthew Arthur	Elected unopposed	Not applicable
Staff (Trustwide Operations & Corporate Services ISU)	Emily Huggins	Elected unopposed	Not applicable

Governors' interests

Governors are required to disclose details of company directorships or other material interests which may conflict with their role as Governors. The Foundation Trust Membership Office maintains a register of interests, which is available to members of the public by contacting the Company Secretary at the address given at 'Appendix B – Further information and contact details'.

Committees of the Council of Governors

The Council of Governors has appointed two standing Committees and one working group. These are:

(a) 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, the Foundation Trust Constitution, and the Monitor 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 Foundation Trust Chairman;
- to monitor the performance of the Foundation Trust 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 Foundation Trust; and
- identify and nominate candidates to fill the Chairman and Non-Executive Director posts as they arise.

The Committee met 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 NHSIE and ensured processes were in line with that guidance. The Committee also undertook a self-assessment of the Committee's effectiveness and reviewed the Committee terms of reference.

(b) Quality and Compliance Committee

The Committee was established by the Council of Governors in accordance with the Foundation Trust Constitution for monitoring, reviewing, and reporting on the quality of clinical and social care services provided by the Foundation Trust.

Its primary purpose was to:

- Obtain assurance from the governor observers that the CQC requirements are being monitored effectively;
- Act as a link between the Council of Governors and the medical director over the preparation of the annual quality report, contributing views and priorities on behalf of the governors and the Foundation Trust membership;
- Deliver the Council of Governors' formal commentary on the annual quality report; and

- Develop and maintain the Council of Governors' understanding and oversight of the key performance measures, national and local, which apply to the Foundation Trust.

At the Quality and Compliance Committee held in July 2020, Committee members discussed the ongoing purpose and relevance of the Committee, particularly given the revised governance and communication arrangements now in place.

Committee members were mindful that the Committee had been in place since 2011 and therefore in presenting the proposal to dissolve the Committee to the Council of Governors, assured the Council of Governors that its role and duties had now been absorbed in to either current governance arrangements or included in the scope of other meetings. The Committee was therefore dissolved with effect from the Council of Governors meeting held in August 2020.

(c) Membership Committee

The Membership Committee is a formal Committee established in accordance with the Foundation Trust Constitution for monitoring, maintaining, and advancing the Foundation Trust's membership. The decision to change from a working group to a committee was approved by the Council of Governors in August 2020.

Its primary purpose is:

- advice – by offering advice and information to the Council of Governors on the community perception of the Foundation Trust's conduct of its 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 the Foundation Trust's work; and
- engagement – by promoting communications to and from members.

The Committee continued to meet virtually during 2020/21, using MS Teams. Meeting and in person and face-to-face engagement with Foundation Trust Members and members of the public were subject to the restrictions in place during the COVID-19 pandemic. Email and social media was the primary means of communication and engagement in 2020/21.

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 the Foundation Trust to work much more closely with local people and service users. 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.

The Foundation Trust had 16,331 members as at 31 March 2021, split between 9,588 public members and 6,743 staff members. The public constituencies of South Hams and Plymouth (eastern), Teignbridge and Torbay comprised 1,137 members; 3,493 members; and, 4,958 members, respectively. Public membership is open to people aged 14 or over and who live within our defined membership area. All eligible staff members automatically

become Foundation Trust 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 the Foundation Trust on a temporary contract of 12 months or longer.

The Council of Governors met on a total of three occasions during 2020/21. The first scheduled Council of Governors meeting in May 2020 was cancelled in line with national guidance issued due to the COVID-19 pandemic. Since then all 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.

The Council of Governors also met virtually with the Board of Directors on three occasions for the purpose of providing input to the Foundation Trust's forward strategy and annual plan for 2020/21 and beyond.

Performance of the Council of Governors

The Council undertakes 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.

An assessment was undertaken in the previous financial year in which Governors received a survey for completion which was then used to capture their responses to a range of questions framed in the context of the duties of governing bodies. The results of the survey were assessed to identify areas of development for the Council as well as priorities to be addressed in 2019/20 and 2020/21.

A development plan was presented to the Council of Governors to inform an action plan. A task and finish group was established comprising a number of Governors and the Company Secretary for the purpose of monitoring progress against the action plan on behalf of the Council of Governor and making recommendations as and when appropriate for approval by the Council of Governors. These are summarised in the Council's Development Plan document available on request from the Company Secretary at the address given at "Appendix B – Further information and contact details". The Council of Governors considered progress against the action plan at its meeting in August 2020, and agreed given all the actions had been completed that development plan could be closed.

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.

The Foundation Trust Board recognises the importance of understanding the service user experience and continues its commitment to receive a service user story at each Board meeting.

With such a large public membership, this allows the organisation to harness and utilise the experience of our members, who provide the Foundation Trust with knowledgeable information. The Foundation Trust Governors attend the Board sub-committee's as observers and patient representatives also attend important groups such as the Patient

Feedback and Engagement Group, Quality Improvement Group, Mortality Surveillance Group, and Learning from Complaints / Engagement Group, so that the Foundation Trust better understands the service user experiences needs and experiences.

Information and feedback is received from many quarters including national surveys, local surveys run through clinical effectiveness and consultations, these provide a rich source of data and with the National surveys benchmark data we can use for comparisons. We also receive valuable ideas and suggestions from well-established patient pathways, social media and service user groups which operate within the Foundation Trust.

The Foundation Trust also works with external organisations such as Healthwatch and seAp (a charity providing independent and confidential advocacy services), both of which are seen as providing a valuable source of information from local people who use Foundation Trust services. This partnership working is welcomed.

The Council of Governors' Committee, focuses on ensuring there is an ongoing dialogue with Foundation Trust members and that the Foundation Trust continues to develop the membership to make it as representative as possible of the whole community. Public membership at the end of March 2020 totalled 9,938 and 9,589 at the end of March 2021. This represents just under seven per cent of the households in the Foundation Trust's catchment area. Members of the public, living in any of the three public constituencies and aged over 14, are eligible to become members.

Among the critical components to our being a successful health and care provider is our leadership. We strengthened our Board of Directors during the year by the successful re-appointment of the Chairman and our Senior Independent Director. We also appointed a Chief Nurse following the retirement of the previous Chief Nurse.

Another important factor to strong organisational leadership is to be found in the partnerships we have forged – critical to us as an integrated care organisation.

During the year the Foundation Trust consulted extensively with its staff to inform the development of the Foundation Trust's new hospital building programme. A number of 'Design Champions' were appointed during the year for the purpose of shaping the clinical service pathways and acting as ambassadors for the programme entitled, 'Building a Brighter Future'. Governors were consulted during the year and contributed to the branding of the programme as well as being fully briefed on process and progress of the strategic outline business case.

Fees and charges (income generation)

Costs associated with fees and charges levied by the Foundation Trust 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.

Counter Fraud

The Foundation Trust acknowledges that it has a responsibility to ensure that public money is spent appropriately and that it has policies in place to counter fraud, bribery, and corruption. The Foundation Trust has detailed standing financial instructions, standing orders, NHSCFA compliant standards of business conduct policy and a counter fraud, bribery, and corruption policy to ensure probity. The Foundation Trust has support from an experienced independent Local Counter Fraud Specialist (LCFS) to ensure risks are mitigated and systems are resilient to fraud and corruption. The Audit Committee receives and approves the counter fraud annual work plan and annual report, monitors counter fraud arrangements at the Foundation Trust and reports on progress to the Board. During 2020/21 a total of 194 days were provided.

The Foundation Trust raises awareness of fraud in its staff communications through regular newsletters, displays in public and staff areas, new employee induction and individual department awareness presentations from the LCFS.

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 (2019/20: £Nil) under the Late Payment of Commercial Debts (Interest) Act 1998.

	2020/21		2019/20	
	Number	**£000**	**Number**	**£000**
Total Non-NHS trade invoices paid in the year	126,099	243,447	135,280	218,371
Total Non-NHS trade invoices paid within target	110,457	204,318	118,450	180,419
Percentage of Non-NHS trade invoices paid within target	**88%**	**84%**	**88%**	**83%**
Total NHS trade invoices paid in the year	1,790	25,358	2,021	19,635
Total NHS trade invoices paid within target	1,113	13,086	1,467	14,413
Percentage of NHS trade invoices paid within target	**62%**	**52%**	**73%**	**73%**

Accessible Information Standard

NHS England mandated the Accessible Information Standard on 24th June 2015, which applies to all organisations providing NHS or Adult Social Care. Organisations are required to follow the standard by law. The Accessible Information Standard directs and defines a specific, consistent approach to identifying, recording, flagging, sharing, and meeting individuals' information and communication support needs. The Foundation Trust

has assigned an implementation lead and lead director to drive forward work in this important area and continues to make progress through collaboration with service users.

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 the NHS Foundation Trust's auditor is unaware; and
- 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 the NHS Foundation Trust's auditor is aware of that information.

"Relevant audit information" means information needed by the NHS Foundation Trust's 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; and
- 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 NHS Foundation Trust's performance, business model and strategy.

Liz Davenport, Chief Executive
28 June 2021

Part III – Remuneration Report

Salary and pension entitlements of senior managers as at 31 March 2021 (audited information)

	2019-20						2020-21					
	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**
Name and Title	(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)
	£000	£	£000	£000	£000	£000	£000	£	£000	£000	£000	£000
Mrs L Davenport Chief Executive	185-190	0	0	0	147.5-150.0	335-340	205-210	0	0	0	55-57.5	260-265
Prof J Viner* Chief Nurse and Deputy Chief Executive (to 31st July 2020).	130-135	0	0	0	42.5-45.0	170-175	40-45	0	0	0	0	40-45
Dr R G Dyer Executive Medical Director (to 13th September 2020), Deputy Chief Executive (from 7th August 2020)	200-205	0	0	0	0	200-205	210-215	0	0	0	232.5-235	440-445
Mr I Currie* Acting Medical Director (to 13th September 2020), Executive Medical Director from (from 14th September 2020)	60-65	0	0	0	15.0-17.5	80-85	200-205	0	0	0	195-197.5	395-400
Ms D Kelly Chief Nurse (from 1st August 2020)							80-85	0	0	0	0	80-85

Mr P Cooper* Director of Finance (to 31 August 2019)	50-55	0	0	0	-7.5 to -10.0	40-45						
Mr D Killoran* Interim Director of Finance (from 12 August 2019 to 5 January 2020)	55-60	100	0	0	-2.5 to -5.0	50-55						
Mr D Stacey Chief Finance Officer (from 6 January 2020)	30-35	200	0	0	5.0-7.5	35-40	140-145	0	0	0	52.5-55	195-200
Ms A Jones Director of Transformation and Partnerships (from 22 July 2019)	80-85	0	0	0	52.5-55.0	135-140	120-125	0	0	0	62.5-65	185-190
Mrs D Butler Interim Director of Transformation and Partnership (from 1 April to 21 July 2019)	30-35	0	0	0	70.0-72.5	105-110						
Mrs J Falcão Director of Workforce and Organisational Development	110-115	0	0	0	10.0-12.5	120-125	120-125	0	0	0	35-37.5	155-160
Mrs L Darke* Director of Estates and Commercial Development (to 31 July 2020)	110-115	0	0	0	22.5-25.0	135-140	35-40	0	0	0	0	35-40
Mr J Harrison* Chief Operating Officer	115-120	100	0	0	32.5-35.0	150-155	120-125	0	0	0	37.5-40	155-160
Dr J Watson* Health and Care Strategy Director							15-20	0	0	0	0 – 2.5	0

(from 1 February 2021)												
Sir Richard Ibbotson Chairman	45-50	1,200	0	0		45-50	50-55	300	0	0		50-55
Mrs S Taylor Vice Chair / Non-Executive Director	15-20	300	0	0		15-20	15-20	100	0	0		15-20
Mrs J Lyttle Non-Executive Director and Senior Independent Director	10-15	0	0	0		10-15	10-15	0	0	0		10-15
Mr J Welch Non-Executive Director	10-15	0	0	0		10-15	10-15	200	0	0		10-15
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 (from 14 April 2019)	10-15	0	0	0		10-15	10-15	0	0	0		10-15

Notes:
Prof J Viner retired from 31st July 2020 whereupon she started receiving her pension.
Mr I Currie, whilst Acting Medical Director was undertaking some duties for the Executive Medical Director whilst Dr Dyer was seconded to the STP. During that time Mr Currie was not a member of the Board.
Mrs L Darke was an Associate Director i.e. non-voting member of the Board, until she retired from 31st July 2020.
Dr J Watson role as Health and Care Strategy Director became a Board position from 1st February 2021.
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. Page 51 refers to managers who are paid more than £142,500 per annum (not including pension related benefits).

Pension benefits as at 31 March 2021 (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 2021 (bands of £5,000) £000	Lump sum at pension age related to accrued pension at 31 March 2021 (bands of £5,000) £000	Cash Equivalent Transfer Value at 1 April 2020 £000	Real Increase / (Decrease) in Cash Equivalent Transfer Value £000	Cash Equivalent Transfer Value at 31 March 2021 £000	Employers Contribution to Stakeholder Pension (to nearest £100) £000
Mrs L Davenport Chief Executive	2.5-5.0	0.0-2.5	80-85	190-195	1,544	69	1,667	0
Prof J Viner* Chief Nurse and Deputy Chief Executive (to 31st July 2020).	0	0	0	0	0	0	0	0
Dr R G Dyer Executive Medical Director (to 13th September 2020), Deputy Chief Executive (from 7th August 2020)	10.0-12.5	32.5-35.0	75-80	225-230	1,519	287	1,862	0
Mr I Currie Acting Medical Director (to 13th September 2020), Executive Medical Director from (from 14th September 2020)	7.5-10.0	20.0-22.5	70-75	205-210	1,418	226	1,691	0
Mr D Stacey Chief Finance Officer	2.5-5.0	0	15-20	0	131	21	167	0
Ms A Jones Director of Transformation and Partnerships	2.5-5.0	2.5-5.0	30-35	65-70	488	46	559	0
Ms J Falcão Director of Workforce and Organisational Development	2.5-5.0	0.0-2.5	45-50	105-110	848	38	919	0
Mrs L Darke* Director of Estates and Commercial Development	0	0	5-10	0	856	0	84	0

Mr J Harrison Chief Operating Officer	2.5-5.0	0.0-2.5	35-40	75-80	628	36	690	0
Dr J Watson Health and Care Strategy Director	0-2.5	0	55-60	115-120	1,041	10	1,088	0

The following have opted out of the pension scheme:
Ms D Kelly before joining the Trust.
Dr R G Dyer had previously opted out of the pension scheme, but during 2020-21 re-joined the scheme.
Prof J Viner retired from 31st July 2020 whereupon she started receiving her pension.
Mrs L Darke retired from 31st July 2020 whereupon she started drawing part of her pension.

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) Regulations 2008.

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

The Foundation Trust has 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 Foundation Trust employees in senior positions, who have authority and responsibility for directing and controlling major Foundation Trust activities. These employees influence the decisions of the entire Foundation Trust, 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 Foundation Trust's performance and the performance of individuals; and
- 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 the Foundation Trust's 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 changed during the year and now comprises 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 Director of Workforce and Organisational Development attend the

Committee when required. The Company Secretary attends the Committee in an advisory capacity.

Senior managers' remuneration policy

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

Item	Rationale
Salary	The Foundation Trust strategy and business planning process sets the key business objectives of the Foundation Trust which are delivered by the senior managers. This success measure is one of the ways in which the senior managers' performance is monitored. Foundation Trust 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 Foundation Trust are both reasonable and competitive, comparisons are made between the scale and scope of responsibilities of senior managers at the Foundation Trust and those of employees holding similar roles in other organisations. A report is prepared for the Non-Executive Nominations and Remuneration Committee by the Director of Workforce and Organisational Development, which makes these comparisons between the Foundation Trust's 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 NHS England and NHS Improvement. All senior managers' remuneration is subject to satisfactory performance of duties in line with their employment. There is 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 the Foundation Trust remains competitive. There is no maximum amount payable.
Pension	Standard pension arrangements are in place in 2020/21. This forms part of the recruitment and retention of senior managers by ensuring that the Foundation Trust remains competitive.

	There is no maximum amount payable.
Bonus	There is no bonus scheme for any senior manager in Torbay and South Devon NHS Foundation Trust, 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.

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 2020/21.

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. Following a benchmarking exercise comparing executive salaries across the Devon STP (now called ICS) and also nationally, the Trust's Chief Executive's salary was found to be significantly lower, relative to Chief Executives of Trusts of a similar size (based on budget and workforce numbers) and complexity. In considering these findings, the Committee was mindful of several factors including; current market conditions in terms of recruitment and retention of Chief Executives; national guidance for Very Senior Managers and the pay framework due for publication in 2021; the levels of remuneration operating elsewhere within the Trust; and the performance of the Chief Executive during the previous year. As a consequence, a one-off non-consolidated market adjustment payment of £17,500 was made; the quantum reflecting the gap between the Chief Executive's substantive remuneration level, being currently benchmarked at below the lower quartile, and the remuneration levels payable at the median quartile level for Trusts of a similar size and complexity.

During the year ending 31 March 2021, three senior managers (Chief Executive, Deputy Chief Executive and Medical Director) were paid more than £142,500 as identified by the remuneration report (audited information). 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 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 were 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 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 Foundation Trust 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. The Foundation Trust does not consult more widely with employees on such senior managers' remuneration matters.

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, albeit from 2019/20 the Committee has reflected in its deliberations, the new remuneration framework issued by NHS England and NHS Improvement in November 2019. 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 2020/21.

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 Foundation Trust policy.

Service contracts

The following table shows for each person who was an Executive or Associate Director or Non-Executive Director as at 31 March 2021, the commencement date for their current position and the term of service agreement or contract for services and details of notice periods.

Director	Contract start date	Contract term (years)	Unexpired term at the date of publication^	Notice period by the Foundation Trust	Notice period by the director
Mr I Currie	14.09.2020	Indefinite terms	Not applicable	*	Three months
Ms L Davenport	01.10.2018	Indefinite term	Not applicable	*	Six months
Mrs L Darke	01.04.2017	Indefinite term	Not applicable	*	Three months
Dr R G Dyer	01.10.2015	Indefinite term	Not applicable	Three months	Three months
Ms J Falcão	01.08.2016	Indefinite term	Not applicable	*	Six months
Mr J Harrison	01.04.2019	Indefinite term	Not applicable	*	Three months
Mrs A Jones	22.07.2019	Indefinite term	Not applicable	*	Three months
Ms D Kelly	01.08.2020	Indefinite term	Not applicable	*	Three months
Mr D Stacey	06.01.2019	Indefinite term	Not applicable	*	Three months
Dr J Watson	01.02.2020	Indefinite term	Not applicable	*	Three months
Sir Richard Ibbotson	01.06.2021	1 year**	11 months	One month	One month
Mr C Balch	14.04.2019	3 years	10 months	Three months	Three months
Mrs J Lyttle	30.09.2020	1 year**	4 months	One month	One month

Mrs V Matthews	01.12.2020	3 years***	2 years and 6 months	One month	One month
Mr P Richards	13.11.2020	3 years***	2 years and 5 months	One month	One month
Mr R Sutton	01.06.2019	3 years***	11 months	One month	One month
Mrs S Taylor	01.01.2019	3 years***	6 months	One month	One month
Mr J Welch	30.09.2020	3 years***	4 months	One month	One month

Notes:
*as per statutory notice period i.e. one week for each year of employment up to a maximum of 12 weeks
**Sir Richard Ibbotson and Mrs J Lyttle re-appointed for a term of one year following two terms of office of three years
***Non-Executive Directors re-appointed for a second term of office of three years
^date of publication taken to mean July 2021

Unless noted above, these officers have been in post throughout 2020/21.

Policy on payment for loss of office for senior managers

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

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

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 NHS Improvement's 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.

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, a number of Governors were paid expenses to reimburse their travel costs incurred while attending meetings of the Foundation Trust and at external training and development events.

	31 March 2021	**31 March 2020**
Number of Governors in office	26	23
Number of Governors receiving expenses	3	6
Total expenses paid to Governors	£59.36	£2,031.54

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 2020/21 was £212,500 (2019/20, £202,500). This was 7.1 times (2019/20, 6.3) the median remuneration of the workforce, which was £29,657 (2019/20, £29,575).

The increase in ratio from 6.3 to 7.1, has changed due to a combination of factors namely, the salary of the highest paid director increased by 2.8% following the NHS pay rise for doctors applicable from April 2020, and the Trust's overall workforce numbers up to Band 5 level (the median point) increased by 166 from a total of 205.

The highest paid director in both 2019/20 and 2020/21 was Dr R G Dyer.

In 2020/21, four employees (2019/20, 11) received remuneration in excess of the highest paid Director. Remuneration ranged from £18,005 to £348,082. (2019/20, £17,652 to £407,145).

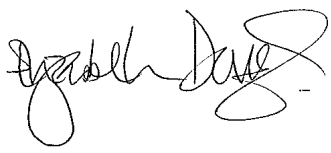
Total remuneration includes salary and non-consolidated performance-related pay. It does not include benefits-in-kind, severance payments, employer pension contributions and cash equivalent transfer value of pensions.

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.

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 NHS Foundation Trust 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'; or,
- 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.



Liz Davenport, Chief Executive

28 June 2021

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'.

	2020-21			2019-20		
	Total	Permanently Employed	Other	Total	Permanently Employed	Other
	£000s	£000s	£000s	£000s	£000s	£000s
Salaries and wages	220,906	220,651	255	206,732	206.732	-
Social security costs	19,946	19,946	-	18.632	18,632	-
Apprenticeship levy	1,047	1,047	-	989	989	-
Employer's contributions to NHS pensions	26,260	26,260	-	24,799	24,799	-
Pension cost – Employer contributions paid by NHSE/ NHSI on Trust's behalf (6.3%)	11,522	11,522	-	10,803	10,803	-
Pension cost - other	58	58	-	87	87	-
Temporary staff	7,630	-	7,630	9,086	-	9,086
Total staff costs	**287,369**	**279,484**	**7,885**	**271,128**	**262,042**	**9,086**
Of which: Costs capitalised as part of assets	1,626	1,626	-	1,715	1,715	-

The Foundation Trust incurred £182,000 (2019/20 £99,000) in respect of other post-employment benefits, other employment benefits, or termination benefits. The Foundation Trust did not second any staff in either year to other organisations, instead where staff were supplied to other organisations the Trust generated an income from this service.

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

The Foundation Trust is 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.

During 2020/21, the Foundation Trust continued to review the way in which it categorises staff numbers, in order to improve alignment with NHS Digital's guidance on the categorisation of staff using Occupation Codes.

	2020/21			2019/20
NHSI Staff Group	**Total Number**	**Permanently Employed**	**Other Number**	**Total Number**
Allied Health Professionals	485	462	23	478
Health Care Scientists	94	94	0	92
Medical and Dental	531	237	294	505
NHS Infrastructure Support	1123	1066	57	1068
Other Scientific, Therapeutic and Technical Staff	382	367	15	365
Qualified Ambulance Service Staff	11	11	0	7
Registered Nursing, Midwifery and Health visiting staff	1242	1212	30	1194
Support to clinical staff	1906	1773	133	1809
Total	5774	5222	552	5518

Analysis of sickness absence

The Foundation Trust continues to develop the overall health and wellbeing of its workforce, and management of sickness absence. The sickness absence rate for 2020/21 compared to the previous four years is shown below.

Year	12 months sickness	FTE	FTE days available	FTE days lost to sickness absence	Average number of days' sickness absence*
2016/17	**4.37%**	**5,186**	**1,892,725**	**82,653**	**9.8**
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**

Source: from the Electronic Staff Record (ESR)

*Period covered: April 2020 to March 2021
*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 FTE years in the first column by dividing by 365.
*The number of FTE days lost to sickness absence has been taken directly from ESR. The adjusted FTE days lost has been calculated by multiplying by 225/365 to give the Cabinet Office measure.
*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 the Foundation Trust staff turnover data can be accessed via the following link to the NHS Digital website NHS Workforce Statistics - February 2021 (Including selected provisional statistics for March 2021) - NHS Digital

Staff policies and actions applied during the year

The Foundation Trust continues 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.

The Diversity and Inclusion Policy sets out the responsibilities of the Foundation Trust, its staff, and those who use its services. The Foundation Trust actively promotes 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. The Foundation Trust strives to be inclusive, where diversity is valued, respected, and embedded in all areas across the organisation. This will give us the ability to recruit and retain a diverse workforce that reflects the communities we serve. The Diversity and Inclusion Policy affords equal protection to those who access our services, ensuring people are involved in their care and its workforce, ensuring staff have fair and equal opportunity.

The Foundation Trust is committed to compliance with the Equality Act 2010, and as part of the subsequent Public Sector Equality Duty, is dedicated to:

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

All Foundation Trust policies continue to be subject to a Rapid or Full (E) Quality Impact Assessment which aims to tackle discrimination or disadvantage at the outset.

A number of policies relating to Equality, Diversity and Inclusion have been updated and introduced this year. The Disciplinary Policy has been re-written in alignment with the Just and Learning approach and will be ratified in Spring 2021. The Accessible Information, Tackling Discrimination Together, Patient Transgender and Diversity and Inclusion Policies have all been updated to reflect latest guidance and local changes.

To further support the ED&I agenda a Reasonable Adjustment Policy and guidance has been introduced to support staff. The Bullying and Harassment Policy has been revised from being the Acceptable Behaviour Policy aligning to the Freedom to Speak Up approach. Staff Carer's Guidance has been produced informed by feedback from staff who are carers in the organisation.

The Foundation Trust's Employability Policy 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, apprenticeships and eventually through securing employment.

The Foundation Trust continues to be a 'Mindful Employer', supporting health and wellbeing at work. 'Looking after our people' is a key pillar of our organisational People Plan, part of which sees the introduction of a 'Wellbeing Guardian' who champions staff wellbeing at Board level. The plan is reflective of the national priorities, STP and organisational priorities. A series of actions have been identified as part of our People Plan for 2021, as part of a 3 year strategy to improve our Trust as a great place to work.

We recognise that there may be times when staff experience episodes of poor wellbeing. For these staff we have policies in place to ensure they get the support and guidance and reasonable adjustments they need to assist them through this difficult time. Our occupational health service is focussed on the safety, health and wellbeing of our staff, patients and visitors. The Foundation Trust has commissioned Optima Health as its Occupational Health provider.

The Foundation Trust offers a full range of occupational health services, which are available to all staff 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'; and
- baseline screening for new employees.

We also have an Employee Assistance Programme (EAP) which staff can access themselves for a variety of issues they may be concerned with. This service has been particularly important during the COVID-19 Pandemic and has been a valuable resource to employees during this period.

The Safety, Security and Emergency Planning (SSEP) team continues to focus on improving safety culture across the Trust despite challenging year with pandemic crisis. The team has moved from the Estates and Facilities Directorate to be managed by Corporate and responsible persons were reviewed and updated for Health and Safety, Fire and Security and the related policies amended to reflect the hierarchy changes in governance. New policies and procedures such as pandemic risk assessments for COVID-19 to ensure staff and patient safety and SOP to manage healthcare worker exposure to COVID-19 have been developed in line with national guidance.

The Foundation Trust has a number of working groups in place to provide assurance that health and safety risks are being managed effectively and this has been increased with a new Fire Safety Group, improved data collection, collaboration and presentation, and membership of the Trust Health and Safety Committee has been reviewed and amended. The Health and Safety Committee is now chaired by the Chief Operating Officer, meets regularly, and provides an annual report to the Board.

We recognise that in order for staff to deliver high quality care they must have a safe and supportive working environment, people must feel able to raise concerns in the knowledge that they will be listened to, that actions will be taken and that they will be thanked for living the values of the NHS. In 2020/21, as a Trust, we agreed to focus on:

- Embedding the anti-bullying network and use of policy to aid resolution across the organisation.
- Increasing the network of Freedom to Speak Up Champions to provide local support to staff.
- Roll out national training in raising and responding to concerns.
- Working with stakeholders to identify how to improve safety culture.
- Identify hotspots to provide early intervention and support in speaking up.

In 2020/21 the speaking up vision was embedded into the development of the Trust's people plan in order to further increase awareness of the routes available to all staff in how they can feel safe and confident in speaking up. This is enabling an increasing number of people who are speaking up via the Freedom to Speak Up Guardians with concerns including patient safety, quality of care and cultures of bullying and harassment. Staff can also speak up to through their line management chain or contact the guardian generic email with further individual information on a specific speaking up intranet page. Digital induction training and training delivered face to face and vis MS Teams has continued for specific groups of staff.

The Foundation Trust has continued to grow a coaching culture into the organisation. Using the coaching principles in our interactions, whether in groups or one-to-ones, has shown to enhance the skills of communication. Coaching is one of the most cost-effective development investments that any organisation can make in their staff. One-to-one coaching not only helps and supports individuals to enhance their own work practices, but more importantly their wellbeing. Coaching has been an invaluable element of the support services to help during the Coronavirus pandemic. Coaching is available for all staff at all levels and focuses on how you want things to be, what you need to achieve and how you are going to get there. The Coaching Collective is a group of 37 staff with different backgrounds, experiences and roles, who have been trained in advanced coaching skills to be able to assist staff. *The details are available on the staff ICON pages*. This network has been running for five years and in that time has supported over 600 requests for coaching. Feedback and evaluation of the service continues to prove positive, enabling some staff to remain at work and supporting others to come back to work more quickly than anticipated.

Under the leadership of the Equality Business Forum (EBF), our Employee Network Groups continue to include: the Disability Awareness and Action Group (DAAG) and Lesbian, Gay, Bisexual and Transgender Group (LGBTQ+). To further reflect the diversity and needs of our workforce we now have the Under 30s Network, Menopause Group, Mental Health Group and a BAME engagement group. In addition the Trust has active representatives on the Devon-wide BAME Network.

These groups and representatives of these groups have played key role in contributing to the continued development of the COVID risk assessments. They have also played a valuable part in the assessment aspect of recruitment processes for a number of roles in the organisation. The EBF are advisors and influencers to two key organisational strategies that include HiP2 and the Workforce Digital Literacy; Preparing our staff for a digital future.

The Trusts People Plan reflects the progression required to improve the experience of **all** staff in our organisation with a particular focus on belonging. All EBF networks have been engaged in the production of the People Plan that supports creating the right conditions in

the Trust for everyone's voice to be heard and bringing to life a truly diverse workforce reflective of people in our local population.

2020 National NHS Staff Survey

Staff engagement and experience

We recognise the importance of staff engagement as a core enabler to delivering our purpose and providing safe, high quality, person centred care. Research has shown a clear relationship between staff engagement and individual and organisational outcome measures, such as staff absenteeism and turnover, patient satisfaction and mortality; and safety measures, including infection rates. The more engaged staff members are, the better the outcomes for patients and the organisation generally.

We have a range of well-established forums for staff to share their views and to engage with the wider Foundation Trust agenda including:

- Trust Talk – monthly briefing session for all staff from the Executive Team which is livestreamed, with opportunities for question and answers;
- 'Just Ask!' noticeboard for staff to ask questions or raise issues with the Executive Team;
- Staff Surveys including the national annual staff survey;
- 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;
- Team based wellbeing and staff engagement forums and
- Staff Governors.

NHS staff survey

The past 12 months have truly been a year unlike no other. The pandemic has challenged each and every one of us, not just at work but also at home as we have adapted to new ways of working and living – none of us have been unaffected.

The annual staff survey provides a helpful insight into how the pandemic has affected the experience of our people at work. The overall findings from the survey are presented in the form of ten key themes, with each theme receiving a score from 0-10, with 10 being the best score attainable.

Perhaps unsurprisingly given the pandemic and the significant pressures on operational teams, we saw a small decline in the response rate from 47% in 2019 to 42% in 2020. This compares to a median response rate of 45% for our benchmarking group - Acute and Acute & Community Trusts

The scores for each theme, compared to our performance last year are presented in figure one. As can be seen this is a largely stable position, with marginal change within three themes. It is pleasing to see an improvement in morale, which given the challenges of the last 12 months is immensely positive. Conversely there has been a marginal deterioration in the score for teamworking. This in part may have been affected by the increase prevalence of homeworking, shielding and for some staff, the requirement to work in different teams or roles, during the pandemic – all of which change the dynamic of the

team. We have also seen an increase in bullying and harassment. The introduction of the anti-bullying network and training are just a couple of the actions being implemented to address this concerning issue.

Theme	2019 score	2019 respondents	2020 score	2020 respondents	Statistically significant change?
Equality, diversity & inclusion	**9.2**	2907	**9.2**	2639	Not significant
Health & wellbeing	**6.1**	2923	**6.1**	2646	Not significant
Immediate managers †	**6.9**	2931	**6.9**	2646	Not significant
Morale	**6.3**	2891	**6.4**	2643	Not significant
Quality of care	**7.3**	2392	**7.3**	2134	Not significant
Safe environment - Bullying & harassment	**8.2**	2905	**8.1**	2637	Not significant
Safe environment - Violence	**9.5**	2909	**9.5**	2640	Not significant
Safety culture	**6.6**	2903	**6.6**	2642	Not significant
Staff engagement	**7.0**	2945	**7.0**	2651	Not significant
Team working	**6.6**	2907	**6.5**	2614	Not significant

In comparison with Acute and Acute & Community Trusts in 2020, the Trust has seen a general improvement in it its overall performance with an increase in the number of themes above the national average, and a reduction in the number of themes below the national average.

	2020/21		2019/20		2018/19	
	Foundation Trust	Benchmarking Group	Foundation Trust	Benchmarking Group	Foundation Trust	Benchmarking group
Equality, diversity and inclusion	9.2	9.1	9.2	9.2	9.2	9.2
Health and wellbeing	6.1	6.1	6.1	6.0	6.0	5.9
Immediate Managers	6.9	6.8	6.9	6.9	6.8	6.8
Morale	6.4	6.2	6.3	6.2	6.3	6.1
Quality of care	7.3	7.5	7.3	7.5	7.3	7.4
Safe environment – bullying and harassment	8.1	8.1	8.2	8.2	8.2	8.1
Safe environment - violence	9.5	9.5	9.5	9.5	9.5	9.5
Safety culture	6.6	6.8	6.6	6.8	6.6	6.7
Staff engagement	7.0	7.0	7.0	7.1	7.1	7.0
Teamwork	6.5	6.5	6.6	6.6	6.6	6.6

Future priorities

Our People Promise describes how Torbay and South Devon Foundation Trust will feel as a great place to work. Our People Plan describes how we will create the conditions for people to thrive, and deliver exceptional integrated health and care, whatever essential role we play.

Our local people plan responds to the findings of the national staff survey, implementing actions to maintain areas of high performance, whilst also developing those aspects where improvements have been identified.

Performance against the People Plan will be monitored through the Trusts People and Education Governance Group and ultimately the People Committee as a sub-committee of the Board.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	3
Full-time equivalent employee number	1.88

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	£65,609.66
Total pay costs	£262,464,661.60
Percentage of the total pay bill spent on facility time, calculated as (total cost of facility time divided by total pay bill) x 100	0.025%

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 2020/21 was £115,000 compared with £8,000 for 2019/20.

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 2020 and 31 March 2021 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 2021

Number of existing engagements as of 31 March 2021	3
Of which…….	
Number that have existed for less than one year at time of reporting	2
Number that have existed for between one and two years at time of reporting	1
Number that have existed for between two years and three years at time of reporting	0
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	0

All off-payroll workers engaged at any point during the year ended 31 March 2021

Number of off-payroll workers engaged during the year ended 31 March 2021	3
Of which…….	
Number assessed as within the scope of IR35	1
Number assessed as not within the scope of IR35	2
Number of engagements reassessed for consistency/assurance purposes during the year	0
Of which: Number of engagements that saw a change to IR35 status following review	0
Number of engagement where the status was disputed under provisions in the off-payroll legislation	0
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 2020 and 31 March 2021

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	19

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 £s	Number	Cost £s	Number	Cost £s	Number	Cost £s
Less than £10,000	-	-	22	75	-	-	-	-
£10,001 - £25,000	-	-	3	37	-	-	-	-
£25,001 - 50,000	1	25	-	-	-	-	-	-
£50,001 - £100,000	-	-	1	80	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-	-	-
Greater than £200,000	-	-	-	-	-	-	-	-
Total number of exit packages by type	1	25	26	192	-	-	-	-

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)

	2020/21		2019/20	
	Agreements Number	**Total Value of Agreements £000**	**Payments agreed Number**	**Total value of agreements £000**
Voluntary redundancies including early retirement contractual costs	-	-	-	-
Mutually agreed resignations (MARS) contractual costs	1	80	11	127
Early retirements in the efficiency of the service contractual costs	-	-	-	-
Contractual payments in lieu of notice *	25	112	30	100
Exit payments following Employment Tribunals or court orders	-	-		-
Non-contractual payments requiring HMT approval **	-	-	-	-
Total	26	192	41	227

* 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.

Diversity and Inclusion

Diversity and Inclusion is at the forefront of everything we do within the NHS. As a Foundation Trust we are committed to building an organisation that puts patients' and service users wishes at the centre and removing the barriers that hinder staff and prevent them working to their full potential. All staff are kept informed and are aware of the NHS Constitution and the Organisational values. Staff can be assured that they will continue to be supported and valued to carry out their duties effectively, ensuring that everyone counts.

Equality, Diversity and Inclusion

The Equality, Diversity and Inclusion ('EDI') programme of work is integral to the delivery of our People Plan.

Much of the EDI programme of work paused during the COVID pandemic. However, unexpectedly new activity and engagement through our networks increased giving us new insights about the experiences of staff within the organisation. In particular this focussed on the disproportionate impact of COVID on black and minority ethnic ('BME') staff and the importance of risk assessments. This led to the inception of a BME group led by our newly appointed BME EDI Lead who ensured their experiences were heard, addressed and that they informed the EDI plan for 2021.

Further developing our networks will be a critical part of our work during 2021/22 to ensure they truly reflect the insights and changes needed to improve the experience of under-represented staff within the Foundation Trust.

Workforce Disability Equality Standards (WDES)

The Workforce Disability Equality Standard (WDES) was introduced in 2019 and requires the Trust to annually self-assess against 13 indicators of workplace experience and opportunity, and to develop and implement robust action planning for improvement.

Nine of the 13 WDES indicators are taken from the National Staff Survey. The table below shows the Trusts performance against the WDES standard for the last two years and in comparison, to the national average. The broad headlines are:

- The experience of BHA from patients/relatives has increased by 1.1% for staff with long -term conditions ('LTC') or illnesses, whereas it has reduced by 1.3% for staff without a LTC/illness. This suggests a widening of the disparity, although the Trusts findings remain positive in comparison to the national average.
- The experience of BHA from managers has increased for both demographic groups. Whilst the increase has been slightly higher for staff without a LTC/illness, the percentage remains considerably higher (10%) for staff with a LTC/illness and is marginally higher than the national average.
- On a more positive note, the experience of BHA from colleagues has reduced by nearly 2% for staff with a LTC/illness and is in line with the national average. However, it remains 10% higher than for staff without a LTC/illness.
- Reporting experiences of BHA has fallen for both staff groups and they are now broadly comparable, but below the national average.

- There has been a considerable increase in the percentage of staff with a LTC/illness believing the Trust provides equal opportunities for career progression and this is above the national average. Whereas the percentage has fallen slightly for staff without a LTC/illness.
- The percentage of staff feeling pressure to come to work from their manager despite feeling unwell, remains largely unchanged and favourable to the national average.
- Whilst the percentage of staff feeling satisfied with the extend the Trust values their work has remained largely unchanged for staff without a LTC/illness, it has fallen for staff with a LTC/illness and is below the national average.
- There have been improvements in the percentage of staff who believe the Trust has made sufficient adjustments to enable them to perform their work, and this is above the national average.
- It is positive to see that the staff engagement score has improved for staff with a LTC/illness and is line with the national average, but this remains below the score for staff without a LTC/illness.

Generally, the Trust performs in line or slightly above the national average, in the majority of questions. In comparison to last year it is very much a mixed picture with improvement in staff engagement, reasonable adjustment and perception of equity for career progression but deterioration in BHA and sense of value.

	LTC or illness 2019	Without LTC 2019	LTC or illness 2020	Without LTC 2020	LTC or illness average* 2020
% staff experiencing BHA from patients, relatives or public	26.8%	24.2%	27.9%	22.9%	30.9%
% staff experiencing BHA from manager	18.2%	7.8%	19.4%	9.5%	19.3%
% staff experiencing BHA from colleagues	28.6%	15.4%	26.8%	16.9%	26.9%
% of staff that reported experience of BHA	47.5%	47.6%	45.4%	44.6%	47%
% staff believing equal opportunities for career progression	77.1%	87.3%	81.4%	86.1%	79.6%
% staff feeling pressure from manager to come to work despite feeling unwell	32%	21.8%	31.5%	22.3%	33%
% staff satisfied with the extend Trust values their work	37%	47.8%	35.5%	47.5%	37.4%
% staff saying the Trust has made adequate adjustments for them to carry out work	78.3%		80.2%		75.5%

Staff engagement score (0-10)	6.5	7.1	6.7	7.1	6.7

*National average

[Note: BHA means bullying and harassment]

Actions undertaken

- Work has commenced in recruitment to review how we currently support disabled staff to apply to the Foundation Trust and how we can progress and gather evidence to level 2.
- A focus on bullying and harassment has seen a network of anti-bullying and harassment advisors recruited and trained to offer support and help for any member of staff.
- Raising awareness of bullying and harassment advisor network through internal communications and screensavers has been put in place
- The reasonable adjustment policy is now available for all managers and staff to access.
- Pro-active support for staff and managers is given by EDI Lead by liaising with HR colleagues advising and raising awareness to options for reasonable adjustments.
- Information is available on the EDI web pages.

What Next

- Work is underway with recruitment to ensure the process is inclusive, from attracting people to our organisation through to appointment.
- Training for recruitment staff around diversity and inclusion issues ensuring recruitment processes are diverse and inclusive.
- Encouraging staff to disclose and update their EDI data to ensure we have enough information to support them.
- Supporting the use of wellbeing conversations, flexible working and a move from inclusion to belonging in line with the People Plan
- Engaging with the Disability Network to gain insight and understand barriers to career progression.

Workforce Race Equality System

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

Four of the nine WRES indicators are taken from the National Staff Survey. The table below shows the Trusts 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 largely consistent for BME staff and 3% above the national average, where there has seen a marginal reduction for white staff suggesting the disparity is widening.

- Whilst experience of BHA from staff has increased for both demographic groups, the percentage increase is 3% higher for BME staff, but remains below the national average.
- Whilst the percentage of white staff who believe there is equal opportunities for career progression has remained consistent, it has reduced significantly by 6% for BME staff, but does remain higher than the national average.
- Whilst the prevalence of discrimination has marginally declined for white staff it has considerably increased for BME staff, although this remains below the national average.

In summary, the Trust findings compare favourably to the national average in three of the four questions. However, in comparison to the Trusts performance in 2019, the findings suggest a deteriorating experience for our BME staff and potentially a widening disparity of experience in comparison to white colleagues.

	BME 2019	White 2019	BME 2020	White 2020	BME Average* 2020
% staff experiencing BHA from patients, relatives or public	30.8%	24.6%	31%	23.7%	28%
% staff experiencing BHA from staff	20.7%	22.1%	25.2%	24.1%	29.1%
% staff believing equal opportunities for career progression	81.7%	85.7%	75.7%	85.7%	72.5%
% staff experiencing discrimination at work from manager or colleagues	10.3%	6.0%	15.1%	5.8%	16.8%

*National average

Note: BHA refers to bullying and harassment

Actions undertaken

- A BME network in the Foundation Trust has been set up as well as a new Devon Wide BME Network chaired by our BME EDI Lead.
- The Foundation Trust hosted a Devon wide conference around Equality. Keynote speaker Roger Kline was supported by the Trust Chief Executive and Trust Chairman.
- A number of issues have been promoted and awareness raised relating to risk assessments, the impact of COVID on our overseas staff with families abroad, Black Lives Matter, Ramadan and India's COVID crisis.
- Our BME staff have been supported to send out key messages within the organisation.
- Vlogs were delivered by the Chief Executive at the beginning, during and end of Ramadan.
- The BME EDI Lead is a Vaccine Ambassador and was interviewed by a local TV broadcaster to encourage the uptake of the vaccine.

- The Trust has worked alongside our International nurse's 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.
- The Foundation Trust 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 networks and encourage network members to help raise cultural awareness within the organisation thereby building trust and understanding.

- Ensure we have a rolling programme of events and spaces to increase confidence and trust of our staff.
- Implement listening events to hear the first-hand the experiences of our staff.
- Continue working with the community and the 'hard to reach' groups.
- Launch the 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.
- Review our recruitment processes to support the recruitment of an inclusive and diverse workforce.
- Refocus our EDI mandatory training for all staff.
- Address the lack of BME staff in Band 8A and above posts.
- Recruit members of BME staff to the Anti-Bullying Network.
- Embark on a Reciprocal Mentoring Programme with an emphasis on race

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 31st March 2020.

An analysis of the Foundation Trust workforce as at 31 March 2020, split by directors, other senior managers and employees, is shown below:

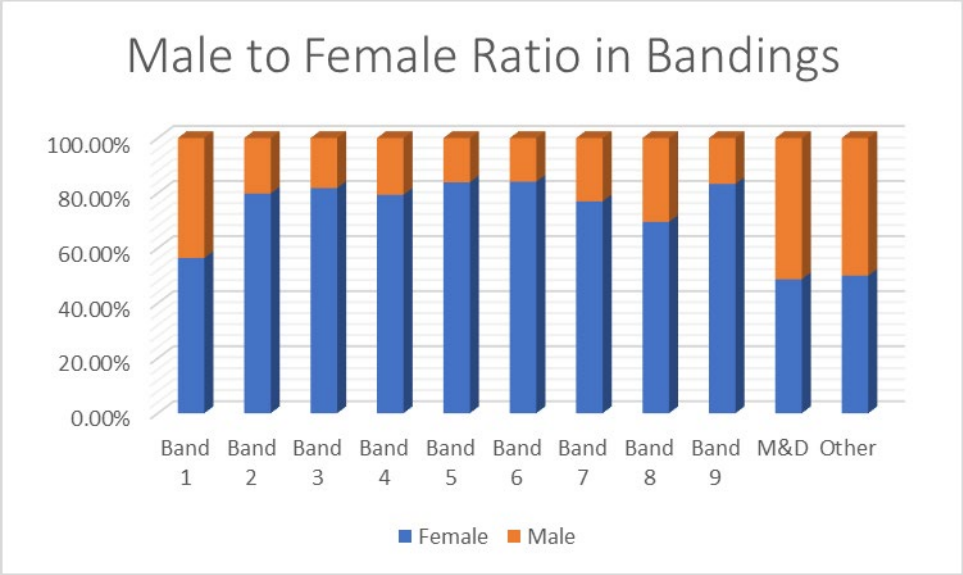
	Male %	Male headcount	Female %	Female headcount
Executive Directors	50.00%	4	50.00%	4
Other senior managers	41.46%	34	58.54%	48
Employees	22.20%	1427	77.80%	5000

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. Whilst 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 78.28% female and 21.72% male. The breakdown of proportion of females and males in each banding is as follows:



Average Gender Pay Gap

a) 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%

b) 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%

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 19.41% and this is further reduction from last year which was 19.44%. This calculation is based on the average hourly rate for 5,118 female staff compared to 1,420 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.

However, when analysing the data, the Office for National Statistics (ONS) recommends that the focus should be the median average, rather than the mean, as this is less open to distortion by those at the extreme ends of the pay range. The Foundation Trust's percentage variance for the median hourly rate of pay is only 6.09%. This is still well below the national average reported in 2020 of 18%.

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; and
- the most obvious imbalance of pay is amongst the Medical and Dental staff.

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 the Foundation Trust's 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 the Foundation Trust's latest published Gender Pay Gap Report can be found on the website at https://www.torbayandsouthdevon.nhs.uk/uploads/gender-pay-gap-report-2019.pdf and at the Cabinet Office website at https://gender-pay-gap.service.gov.uk/

Apprenticeships and Widening Participation

An apprenticeship is an ideal way for young people and adults to earn a wage whilst gaining a valuable qualification and a future which is full of opportunities!

Hiring apprentices helps businesses grow their own talent by developing a motivated, skilled and qualified workforce. Being an apprentice gives you the opportunity to gain a recognised qualification and develop professional skills, while earning a salary.
TSDFT currently employs approximately 243 apprentices in a wide range of clinical and non-clinical roles.

Work experience allows NHS employers to influence the quality and flexibility of our future workforce' (NHS careers: March 2008). Accordingly, there is an obligation for organisations to provide an opportunity for students to experience the work environment. This can be achieved in a variety of ways including work placements, school liaison, open days and Virtual Work Experience.

As the largest employer in the area, it is incumbent on the Foundation Trust to use the resources available to us for the benefit of the whole community, and ensure that nobody is excluded, discriminated against, or left behind.

We are an inclusive organisation and we continue to support the ASPIRE Project ('ASPIRE') with South Devon College. ASPIRE offers work placements throughout the Foundation Trust to those who are unable to find meaningful employment. This can be for a variety of reasons including learning and physical disabilities.

An ASPIRE 12 month internship (for 19 – 24 years) is made up of a City and Guilds qualification in Employability and Personal Development, accompanied by three 10-week rotations in three different departments over an academic year. The students begin and end each day in an on-site classroom to assess how their day has gone and learn other communication, problem-solving and job skills.

Presently, the Foundation Trust has eight ASPIRE students; of which we hope to be able to offer permanent jobs within the Foundation Trust on completion of the ASPIRE programme.

Part V – Governance Statements

Statement of compliance with the NHS Foundation Trust Code of Governance

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

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 quality governance systems and processes is detailed in the Annual Report, and in particular the Annual Governance Statement and Quality Account. 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 Page 41
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 32 and 40
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 43 - 44
Council of Governors	FT ARM*	The annual report should include a statement about the number of meetings of the council of	Accountability Report

		governors and individual attendance by governors and directors.	Page 39 Pages 43 - 44
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 32
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 31 and 32
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.	Accountability Report Page 31 Remuneration Report Page 61
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 Pages 33 and 45
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
Chair/Council of Governors	B.3.1	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 Page 32
Council of Governors	B.5.6	Governors should canvass opinion of the Foundation 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 41- 42, 46 and 48

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 33 – 38 and 45
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.	Accountability Report Pages 40 - 41
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 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).	Accountability Report Page 30 Annual Governance Statement page 110
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 Pages 111 - 113
Audit Committee/ control environment	C.2.2	A Foundation Trust should disclose in the annual report: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) 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 34 - 36
Audit Committee/	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	Not applicable

control environment		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.	
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 34 – 36
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 122 - 124
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 meetings of the council of governors, direct face-to-face contact, surveys of members' opinions and consultations.	Accountability Report Pages 41 - 42

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 Pages 46 - 47
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 46 - 47
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 Pages 32 and 44

*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. The Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis and has complied with the Code during 2020/21, except for the following:

- The Foundation Trust does not have in place Directors and Officers Liability Insurance.
- The Board comprised an equal number of Non-Executive Directors and Executive Directors for a period of time during the year. A full explanation is detailed in the Accountability Report.

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

- Meets formally at least bi-monthly in order to discharge its duties effectively. Systems and processes are maintained to measure and monito the Trust's effectiveness, efficiency and economy as well as the quality, of its healthcare delivery.
- Reviews the performance of the Trust against regulatory and contractual obligations and approved plans and objectives. Metrics, measures and

accountabilities have been developed to assess progress and delivery of performance.

- All Directors are responsible to constructively challenge the decisions of the Board. 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 determined by the Board to be independent.
- No individual on the Board of Directors or Council of Governors holds positions at the same time of Director and Governor of any NHS Foundation Trust.
- Operates a code of conduct that builds on the values of the Trust 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 Company 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, the Foundation Trust is led by the Board of Directors who have joint and several responsibility 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 Trust's members and partner organisations in the local health economy.
- Has a code of conduct in place to ensure Governors adhere to the best interests and values of the Trust.
- Holds the Board of Directors to account for the performance of the Trust and receives appropriate information on a regular basis.
- Governors are consulted on the development of forward plans for the Trust and arrangements are in place for them to be consulted on any significant changes to the delivery of the Trust's 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 NHSI the Trust's independent regulator.
- The Directors and Governors continually update their skills, knowledge and familiarity with the Trust and its obligations, to fulfil their role on various Boards and Committees.
- The Trust's Constitution available on the website, 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 NHSEI 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 NHSEI 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 NHSI for advising the Board and Council for recording and submitting objections to decisions will be followed. During 2020/21 there have been no occasions on which it has been necessary to apply the NHSI procedure.
- Trust staff are required to act in accordance with NHS standards and accepted standards of behaviour in public life. The Trust ensures compliance with the Fit and Proper Person (FPP) requirement for the 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.

NHS oversight framework

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

- quality of care;
- finance and use of resources;
- operational performance;
- strategic change; and
- leadership and improvement capability (well-led).

Based on information from these themes, providers are segmented from 1 to 4, where '4' reflects providers receiving the most support, and '1' reflects providers with maximum autonomy. A Foundation Trust will only be in segments 3 or 4 where it has been found to be in breach or suspected breach of its licence.

The latest segment scoring available from NHS Oversight Framework shows the Foundation Trust has been placed in segment 2, which attracts an offer of targeted support in response to concerns in relation to one or more of the five themes. Whilst not currently subject to enforcement action, the Foundation Trust has accepted targeted support from NHS Improvement in respect of finance and use of resources and operational performance.

This segmentation information is the Foundation Trust's position as at 21 June 2021. Current segmentation information for NHS Foundation Trusts is published on the NHS Improvement website.

Statement of Accounting Officer's Responsibilities

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 i*ssued by NHS Improvement.

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Torbay and South Devon 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 and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

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

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

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

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

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

Liz Davenport, Chief Executive

28 June 2021

Annual Governance Statement

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of the policies, aims and objectives of Torbay and South Devon NHS Foundation Trust;
- 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 2021 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 Foundation Trust and these meet all statutory requirements and adhere to guidance issued by NHS Improvement in respect of governance and risk management.

The Foundation Trust has 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 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 IM&T, Estates and People.

Independent assurance on the effectiveness of the system of internal control and overall governance arrangements is provided by the Audit 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 Foundation Trust 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 Improvement 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 maintain risk registers and report accordingly. The System Directors for each of the Integrated Service Units 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 Integrated Service Unit risk register. All such risks are reviewed by the relevant Integrated Service Unit and any escalation as required is managed in accordance with the risk reporting process.

Whilst 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***
IM&T 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 Foundation Trust;
- following all Foundation Trust policies and procedures;
- reporting all adverse incidents and near misses via the Foundation Trust's incident reporting system;
- attending regular training as required ensuring safe working practices;
- awareness of the Foundation Trust's patient safety and risk management strategy; and
- knowing their limitations and seeking advice and assistance in a timely manner when relevant.

The Foundation Trust recognises the importance of supporting staff. Integrated Service Units and directorate risk management activities are supported by a risk management training programme, principally delivered by the Risk Officer and monitored by the Risk Group, whose purpose is to provide a cross-organisational support network. Executive Directors and Non-Executive Directors are provided with risk management development on an individual basis or collectively at Board seminars.

The Foundation Trust continues to maximise its opportunity 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 Foundation Trust's Quality and Assurance 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 Foundation Trust reviewing all internally driven reports, the Foundation Trust adopts an open approach to the learning derived from third party investigations and audits, and/or external reports. The Foundation Trust has 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 programme of review of risks on the Board Assurance Framework by the Board of Directors, 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.

The risk and control framework

Risk is managed at all levels of the Foundation Trust 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 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 CIP 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.

The Foundation Trust's risk management strategy has defined the Foundation Trust's 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. The Foundation Trust 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 Foundation Trust 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 the Foundation Trust's 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 the Foundation Trust's 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 Committee, Quality Assurance Committee, People Committee, Building a Better Future Committee or Finance, Performance, and Digital Committee meetings. Further information can be found within the Foundation Trust's 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 the Foundation Trust's Risk Management Policy.

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; and
- the risk and actions points/plans are monitored to completion.

Risks posing a threat to the Foundation Trust's strategic objectives are escalated to the Board Assurance Framework (BAF).

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); and
- devising short, medium, and long-term strategies to tackle identified risk, including the production of any mitigating action plans.

The Audit 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 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 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 Committee will raise these at a full meeting of the Board of Directors and, if appropriate, exceptionally to NHS Improvement. 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 core Foundation Trust 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.

Another example is in relation to the Quality Report. The Foundation Trust identifies up to five quality improvements for the year, which have been developed through discussions with clinical teams, commissioners, senior clinical and business leaders in the organisation as well as Governors. These priorities were signed off by the Board for 2020/21 and managed in accordance with internal processes. In accordance with guidance issued by NHS England and NHS Improvement, the audit assurance work on quality accounts and quality reports was ceased for 2019/20 and has continued in to 2020/21. Accordingly, there is no independent auditor's limited assurance opinion on the Annual Quality Report for 2020/21.

The Foundation Trust ensures that public stakeholders are involved in managing risks which impact on them. The Council of Governors, having responsibility for representing the Foundation Trust members and members of 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 the Foundation Trust's performance, both quality, financial and people-related, and any changes to Foundation Trust 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 the Foundation Trust's lead commissioners and councils.

Principal risks

The Foundation Trust's risk management processes have identified a number of risks for 2020/21. 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, whilst 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 the Trust's strategic objectives are described in the Board Assurance Framework for 2020/21 as:

Strategic Objective 1: Safe, quality care and best experience
Principal Objective: To maintain high quality patient care and experience for our local population

- Risk of failure to ensure the development and implementation of robust recovery plans in response to the COVID-19 pandemic;
- Risk of failure to deliver levels of performance that are in line with our plans and national standards;
- Risk of failure to achieve financial sustainability, enabling appropriate investment in the delivery of outstanding care;
- Risk of failure to provide safe, quality patient care and achieve best patient experience;
- Risk of failure to provide and maintain a fit for purpose estate infrastructure ensuring service continuity at all times;
- Risk of failure to provide and maintain a fit for purpose digital infrastructure ensuring service continuity at all times; and
- Risk of failure to develop and implement the hospital infrastructure plan '*Building a Brighter Future'* ensuring it meets the needs of the local population.

Strategic Objective 2: Improved wellbeing through partnerships
Principal Objective: To be a socially responsible organisation contributing to a healthier population

- Risk of failure to develop and implement the Long Term Plan with partners and local stakeholders to deliver the Trust's ICO Strategy; and

- Risk of failure to implement Trust plans to transform services, using digital as an enabler, to meet the needs of our local population and the Peninsula System.

Strategic Objective 3: Valuing our workforce
Principal Objective: To ensure the organisation has a fit for purpose workforce

- Risk of failure to develop and implement the Trust People Plan ensuring the Trust is *'the best place to work'*.

Strategic Objective 4: Well-led
Principal Objective: To build patient, public and stakeholder confidence that their health and care is in safe hands

- Risk of failure to ensure leadership capacity and capability to deliver high-quality sustainable care for the local population; and
- Risk of failure to actively manage the potential for negative publicity, public perception or uncontrollable events that may impact on the Trust's reputation.

During the year, the Foundation Trust has also monitored closely the risk of the EU exit, the potential impact on the UK economy and specifically the implications for the Foundation Trust, both in the near term and further out. How the risks were identified and monitored formed part of the Foundation Trust's risk management process. The Foundation Trust accepted that the effect of an EU exit, and in particular leaving the EU market with no deal, was a significant risk. The potential challenges identified included, delays or failures to procure and receive goods (including drugs) and services, and staffing from the EU. In order to mitigate these risks a number of reviews were undertaken, for example, business continuity plans and review of capacity. Actions required for data protection and a financial impact analysis were also put in place. Government guidance on the planning of a no-deal EU exit informed the Foundation Trust plans.

Towards the close of the financial year 2019/20, the COVID-19 pandemic was confirmed and the impact of the COVID-19 pandemic recognised both by central government and locally by the Trust and the Devon-wide system. The Trust responded in accordance with the Government guidance issued from March 2020 onwards, and in relation to reporting requirements, guidance issued by the Department of Health and Social Care and the Regulator. The Trusts critical incident arrangements and business continuity plans were activated swiftly and became operational in a timely way to enable the Trust's response to be robust and managed appropriately. During 2020/21, the Trust put in place a time-limited Resilience and Recovery Group led by the Director of Transformation and Partnerships for the purpose of developing and implementing the recovery plan with one of its primary aims to minimise the impact on COVID-19 on the local population.

These arrangements have over time been adapted to ensure the resilience of workforce over the short to medium term. The Trust's corporate governance arrangements at Board and Board sub-committee level remained in place albeit with a focus at times on essential business and COVID-19 related issues. Where non-essential business reports were deferred or operational management meetings were stood down temporarily, the Foundation Trust put in place a standard operating procedure, including a logging system whereby a record was maintained to enable the Board, Committee or Group to maintain good governance. A review of the Trust's scheme of delegation and standing financial

instructions was also undertaken and revised to allow authorisation of orders and invoices to be made at the appropriate level and in a timely manner.

The Board Assurance Framework and Corporate Risk Register were both refreshed to include risks to existing operational and strategic objectives of the Trust and also established new risks specifically relating to COVID-19. As the pandemic continued through the year, the reporting and COVID-related reporting was absorbed in to business as usual activities. The Board Assurance Framework was adapted accordingly and COVID issues cross-referenced across a number of risks. The Board has, and continues to receive, detailed assurance reports describing how the Trust's business continuity plans are managing the impact of Covid-19 from a quality, financial, operational and people perspective. Each of the Board sub-committees have received and reviewed the COVID-19 risks pertaining to that committee's scope of works. The Audit Committee also received an assurance report on the COVID-related governance arrangements and financial arrangements and processes being applied within the Trust.

The ongoing nature of the COVID-19 pandemic means that the Trust will be required to continue its systems and processes of internal control and monitor risks to those. Whilst national, system and local guidance is responded to in a timely and robust manner, the Trust recognises that this will present a complex set of activities to manage. In responding to this next challenging phase of activity, including the impact on the long-term health of the population, the Trust has been in continuous dialogue with its internal auditor and will commission additional audit reviews as appropriate to ensure the governance arrangements remain appropriate and to support the Trust's recovery work.

Looking forward to 2021/22, it is anticipated that the risks as already identified in the Board Assurance Framework will continue in to the following year.

The Annual Operational Plan for 2021/22 has acknowledged the risks facing the Foundation Trust during the coming year and has set out explicit plans for what must be done and how the outcomes will be measured - these being:

Financial, performance, people and quality risks

As the Foundation Trust goes into 2021/22, plans are in place to mitigate these risks through rigorous control and management of significant productivity, efficiency, budgetary and operational improvements, as well as triangulation with people and quality risks. Outcomes will be measured by 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 Quality Assurance Committee receives the outputs from the quality and safety impact assessments of the cost improvement plans from the Chief Nurse and Medical Director on an annual basis. Ongoing monitoring by the People Committee provides additional scrutiny of the impact and value arising from the Trust's People Plan. A Board Sub-Committee focussing on finance and performance is in place to provide additional scrutiny of productivity and improve financial efficiency by reducing variation at directorate level. This will be achieved by benchmarking the Foundation Trust's operational efficiency against the Lord Carter Model Hospital metrics. Our plans, which are built up from integrated service unit level and system developments, have been revised to take account of the ongoing financial regime and the impacts of the COVID-19 pandemic. All planned efficiency schemes have been validated to reflect their prospects of delivery within the new financial framework and taking account of significant service and practice changes implemented as part of the COVID-19 response.

Prior to COVID-19, the Foundation Trust had developed a challenging but realistic efficiency programme amounting to £18.6m, or 3.7% of operating income. Of these savings, it was envisaged that £13.3m would be generated internally, with a further £5.3m requiring support and collaboration with system partners across Devon. As at March 2020, £17.8m of savings schemes had been identified and were progressing through quality impact assessments. As a result of COVID-19 and in line with national guidance, those schemes were put on hold. The Foundation Trust implemented a senior management-led governance group as part of its major incident response to COVID-19, which has been the vehicle through which efficiency programmes were re-launched once the acute pandemic phase came to an end. CIP delivery does however remain a risk as we move in to 2021/22, and is reflected as such in the Corporate Risk Register and the Board Assurance Framework.

Capital funding risks

While the COVID regime allowed the Trust to report a modest surplus in 2020/21, reduced levels of underlying EBITDA associated with challenged financial performance, have significantly restricted the level of cash available for capital expenditure in recent years. The consequence is seen in an increased backlog in essential repairs and replacements across all areas of expenditure; estates, IM&T, and medical equipment. The ability to invest in developmental capital necessary to further develop the Foundation Trust's care model has, similarly been curtailed.

Nevertheless, the Trust has access to significant amounts of national funding which will mitigate the shortfall in internally generated cash. The Foundation Trust is further developing further sources of finance through ongoing negotiation with NHS Improvement 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 2021/22 cost base reflects the increasing operational risk profile across the Integrated Care Organisation, including the costs of addressing the consequences of infrastructure failures, continued in-sourcing and out-sourcing of elective and diagnostic services to maintain performance against national targets; continued reliance on agency medical staff in a number of national shortages specialties; uniquely, and most significantly in this ICO, 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 difficulty in maintaining qualified staffing, both restricting the number of placements available.

The Devon ICS system-wide plans for 2021/22 have been developed in conjunction with our partners and through the Board. These have been tested by a peer review process organised by the Devon ICS and scrutinised by the Regulator. The Board has acknowledged that the Foundation Trust must continue to develop its planning and delivery models, and to this end the Foundation Trust has implemented a revised operational structure in which leadership groups, operate as 'self-managed teams', with greater freedoms and authority to act and lead delivery. An enhanced accountability framework and programme management office supports this model.

Despite this achievement, the potential failure remains in achieving the necessary level of financial improvement reflects the scale of system wide savings required to deliver the Devon ICS control total position.

Operational planning and activity risks

As we look ahead to the next 12 months there are clearly new and ongoing risks being identified with COVID-19 that will impact on activity and our operational planning.

Having completed the escalation planning and seen out the first wave of COVID-19 hospitalisations during March and April 2020, the Trust remained committed to maintaining the same levels of COVID-19 response as needed and indicated by NHS regulators. The response required the reconfiguration of services and as a result reduced our capacity to maintain or reintroduce routine elective services well in to 2021. Future delivery of these services will now have to work within criteria set out to comply with COVID-19 policies and constraints of workforce, facilities, PPE and managing patient risks.

It is likely that due to the changes and constraints to business as usual that elective activity will remain below historical levels and result in patient access times for routine treatments remaining high or increasing over the short to medium term.

To offset the loss of elective capacity the Trust will be adopting new ways of working and clinical pathways. This is a great opportunity in many ways to positively embrace change and will include virtual consultations for outpatient appointments, that are already being favoured by many patients, flexible use of day case and inpatients' theatres with transition to outpatient treatments where possible along with relocation of services including to community hospitals and primary care settings.

This will certainly be a very different year in terms of normal hospital activity and operational planning. It is likely that we will see significant change in the way services are delivered with system wide and local configuration of services to manage both the COVID-19 resilience and clinical care for routine elective services.

Care Quality Commission

The Chief Nurse is responsible for ensuring compliance with the Foundation Trust's registration with the Care Quality Commission. This is achieved by:

- Reporting and keeping under review matters highlighted within inspections;
- Liaising with the Care Quality Commission inspectors and senior clinicians and managers in response to any specific concerns raised by the Care Quality Commission by patients and members of the public;
- Engaging with the Care Quality Commission inspectors in the inspection process and co-ordinating the Foundation Trust's response to inspections and any recommendations or actions that arise;
- Analysing trends from incident reporting, complaints and patient and staff surveys and sharing the learning from these across the Foundation Trust;
- Reviewing assurances on the effective operation of controls; and
- Receiving assurances provides by internal audit and any clinical audit conclusions, which provide only limited assurance.

In February 2020, the CQC notified the Foundation Trust that announced inspections of eight core services would be held in March 2020, with a ninth core service inspection and the well-led inspection to be held in late March and early April 2020. The CQC inspected the following six core services:

- Acute
    1. Urgent and Emergency Care
    2. Medical Care
    3. Surgery
    4. Children and Young People
    5. Maternity
- Community
    6. Inpatients

On 9 March 2020, the CQC informed the Foundation Trust that following a CQC risk review, the core service inspections of Community Adults, and Community End of Life had been stood down due to the developing COVID-19 pandemic and the scenario where inspection requirement would be required to visit people in their own homes. Some interviews with staff from these core services went ahead as part of ongoing CQC monitoring.

The CQC also informed the Foundation Trust in March 2020 that the well-led inspection and the diagnostic imaging core service inspection planned for late March and early April 2020, were also cancelled due to COVID-19. The timeframes for reporting the inspection were extended by the CQC due to COVID-19 pressures. The draft CQC inspection report was received in May 2020 and following the standard practice of a factual accuracy check process, the final report was received in July 2020. The Use of Resources (UoR) assessment by NHS Improvement (NHSI) took place on 12 February 2020 and was managed by the Foundation Trust's finance directorate. The draft report was received in May 2020 followed by the receipt of the final report. The outputs from the UoR Report and the ensuing development plan have been monitored by the Finance, Performance and Digital Committee.

As the CQC were unable to complete the well-led inspection, the ratings for the whole Foundation Trust have not changed since the previous inspection in May 2018, and are shown below. The Foundation Trust's overall rating remains as 'Good'.

Ratings for the whole trust

Safe	Effective	Caring	Responsive	Well-led	Overall
Requires improvement May 2018	Good May 2018	Outstanding May 2018	Good May 2018	Good May 2018	Good May 2018

At the time of writing this report, the Foundation Trust has not been notified of any further planned inspections.

Care Quality Commission compliance declaration

At 31 March 2021, the Foundation Trust remains 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 Improvement's provider licence. The Foundation Trust used the learning from the most recent Care Quality Commission Well Led and NHS Improvement Use of Resources inspections to form the basis of the externally led assessment developmental review of leadership and governance using the NHS Improvement well-led framework that took place in Q3 2020/21.

Communication with stakeholders

The Foundation Trust's communication team works closely with the quality team and the Foundation Trust membership office. Together they ensure there is public stakeholder engagement that addresses any perceived or actual risks that might impact on the public. This includes undertaking any necessary consultation exercises.

A number of forums exist that allow the Board of Directors, Executive Directors and staff at all level to communicate with stakeholders, for example formal Board to Board and Executive to Executive meetings with local commissioners, local health and care providers, Health and Wellbeing Boards and meetings with Healthwatch. The forums provide a mechanism for risk identified by stakeholders that affect the Foundation Trust to be discussed for any action plans to be developed.

Compliance with people strategies and 'Developing Workforce Safeguards'

The Foundation Trust has processes to ensure that short, medium and long-term people strategies and people systems are in place to assure the Board that people processes 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, staff turnover and volume of temporary staffing, as well as performance against the annual staff survey. These are high level organisational metrics and data that the Foundation Trust will continue to collate, review and analyse each month for a range of people metrics, quality and outcomes indicators and productivity measures.
The Foundation Trust's people operating model mirrors that of our Care Model, helping to enable and empower teams to be self-organising. In embedding the Foundation Trust's aim to be a fully integrated organisation providing integrated pathways of care, a system

leadership structure has been established that will oversee the entire pathway of care across primary and community care, through to emergency medicine and planned care. Whilst, the new structure continues to embed, a culture has evolved fostered around autonomy and accountability with a common sense of purpose with an overall aim to support and engage staff and ensure their time is used in the best way possible to provide direct or relevant care or care support.

The Foundation Trust seeks to continuously improve its performance against workforce standards and the national staff survey. The Foundation Trust's new people strategy, 'Our People Plan and Promise,' that forms part of the Foundation Trust's Annual Plan sets out the key organisational aims for the coming year, including how the Foundation Trust will maximise people analytics, planning and redesign capabilities. In terms of the wider context, the Foundation Trust remains fully engaged with the Devon STP Workforce Strategy, of which the main focus of the people planning and transformation plan will be centred on developing a culture and structure that facilitates trust; involvement and innovation; and, local empowered decision making.

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

The Foundation Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the Trust with reference to the guidance) within the past 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 organisation's obligations under equality, diversity and human rights legislation are complied with.

The Trust is committed to providing an inclusive and welcoming environment for our patients, clients, service users, carer, families and staff, and is working hard to mainstream diversity, inclusion and human rights into our culture.

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 via two core streams: The Equality Co-operative (public) which consists of Equality Leads from Devon across Health, Social Care, Local Authorities and the Police. The Equality Business Forum (for staff) which consists of leads and representatives of our Network Groups as well as a Staff Side representative, which reports through the newly formed People Committee.

The Trust Board of Directors receives reports on diversity and inclusion issues from the Chief Nurse (service user update) and the Chief People Officer (people update). These include any updates or changes in national mandates together with any risks or challenges. The Board has been appraised of the latest developments in relation to publication of the RACE Equality Code 2020 and has programmed reverse mentoring and a Board development session focussing on equality, diversity and inclusion in Q1 2021/22.

Compliance with Climate Change Act and the adaptation reporting requirements

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

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 the Foundation Trust's use of resources. The Foundation Trust has 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 the Foundation Trust public members, providing a key focus for our engagement work within 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, plus the implementation in a timely fashion of any external recommendations for improvement, for example, external audit. There is also a performance management regime embedded throughout the Foundation Trust including weekly capacity review meetings, financial recovery planning meetings, executive reviews of services, budget reviews (undertaken monthly) and regular work to ensure data quality. An internal audit review of governance was undertaken during the year and reported to the Audit Committee and Board of Directors;
- 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, the Foundation Trust has arrangements for planning and managing financial and other resources in place. These are encompassed in the Scheme of Delegation and the Standing Financial Instructions which receive regular audit review; and
- The Foundation Trust uses other benchmarking tools such as the Model Hospital productivity metrics to demonstrate the delivery of value for money. The Foundation Trust continues to develop its reference cost reporting data to ensure services are being provided as efficiently as possible. For procurement of non-pay related items, the Foundation Trust has a clear procurement strategy and collaborates with other

NHS bodies to maximise value through the NHS South West Peninsular Procurement Alliance.

Compliance with information governance requirements

Information Governance (IG) within the Foundation Trust provides a framework for handling personal information in a confidential and secure manner. The Foundation Trust aims to safeguard patient, client, and employee confidentiality and maintain data security, while promoting the sharing of data to improve services, through the maintenance of key information governance principles.

The Information Governance ('IG') Steering Group is a sub-committee of the Information Management and Technology Group. Its role is to oversee and provide scrutiny of the IG strategic agenda. The IG Steering Group has continued its engagement in the embedding of the General Data Protection Regulations (GDPR), and the Data Protection Act 18 (DPA18) in to every day practice across the Foundation Trust.

The IG framework is supported by the Foundation Trust's Senior Information Risk Officer (SIRO) and the Caldicott Guardian who provide advice and guidance alongside the Data Protection Officer ('DPO'), to the Chief Executive and the Board in ensuring compliance with appropriate standards and management of information risks. The Data Protection Officer is responsible for assessing the Foundation Trust's compliance with the data disclosure regulations, including but not limited to, Freedom of Information Act 2000, the DPA18, and the GDPR, supporting the organisation with day to day management of information governance.

The Foundation Trust promotes a culture of openness and transparency; the positive rate of incident reporting enables the IG team to provide support to staff who have reported breach of confidentiality, identifying themes and areas of weakness. To that end the Foundation Trust has seen 564 incidents reported to the incident reporting system based on the categories: documentation and breach of confidentiality. It is of note that the quality of reporting is fallible due to the human factor, resource pressure and external influence such as the COVID pandemic, and recording may change at the various review stages of an incident cycle.

Where themes have emerged, teams have been contacted by IG and supported in finding new ways to work. During the year, 4 incidents were reported to the Information Commissioner's Office ('ICO'), via NHS Digital's Data Security and Protection Toolkit ('DSPT'). One case is still ongoing from the previous financial year and the ICO is considering criminal prosecution of the individual involved. In response to this type of incident, the IG team has engaged extensively in communications with all Foundation Trust staff to raise awareness.

The Foundation Trust submitted its DSPT for 2019/20 stating 'Standards met, plan agreed' to NHSD by the later submission date of 30 September 2020, as a result of capacity pressures due to COVID-19. The DSPT for 2020/21 was submitted in June 2021, stating 'Standards Met'.

Information Governance risks are recorded on the Foundation Trusts risk management system. These are monitored by the DPO and reviewed at the Information Governance Steering Group for guidance and support in mitigation. New projects require a Data

Privacy Impact Assessment which endeavours to highlight and mitigate potential Information security risks.

IG Incidents reported to Information Commissioners Office during 2020/21

Nature of Incident	Lessons Learned
Ongoing – 2019 Member of staff accessed patient records outside remit of work.	HR process undertaken and disciplinary action recommended. Case ongoing with ICO.
Repeat incident - Theatre timetables stored inappropriately on SharePoint Intranet. The spreadsheet uploaded a second time to the same area, with new patient details added with no password protection, and access permissions that allowed all staff and visitors access to the file. Managers unaware of responsibility, impact and regulatory requirements.	Team to check their own work through using a standard users account. The team members undertake regular Information Governance Training and fully understand the importance of the security throughout the intranet, and the resultant issues if this security is not configured correctly.
Copy of child's OT report for contribution to EHCP review. Letter to parents, laminated show sequencing cards and a set of Adult size caring cutlery. Recipient states they opened the envelope marked 'private and confidential' only to obtain a contact number to inform of incorrect address, and did not read.	Team need to verbally check address with family, especially if recently changed. The letter had private and confidential underlined and there was a return address on the stamp label, however no phone number. Person who reported incident explained he opened the letter to obtain a phone number. Possibility of a phone number be added to the return address on the postage strip raised with administration.
Doctors handover sheet found in the garden with all patient details	Likely human error. Screensaver used to promote wider Trust awareness. Clinical Director has issued reminder to be mindful of keeping the handover sheet secure and ensure IG training is up to date. This has been followed up with targeted contact with those non-compliant. Clinical area has access to secure disposal of information. Currently scoping use of clinical portal as an alternative means of storing handover information.
Child Protection images required, not available, for 'Finding of Fact' Hearing at Court. Checking protected file-share and pictures had been deleted, requested these are restored from backups.	In review.

Data Quality and Governance

During the reporting year, two Executive Directors held shared responsibility with regard to data quality:

- Chief Finance Officer – Information; and
- Director of Transformation and Partnerships - clinical and non-clinical data, information governance, information technology and performance

From 1 April 2021, responsibility for information has transferred to the Director of Transformation and Partnerships.

The Medical Director and Chief Nurse hold executive leadership for patient safety, ensuring the quality of care delivered within the ICO is of the highest standard.

There is a clear structure from 'ward to board' to ensure the quality of care is maintained and that information is both timely, accurate and shared appropriately to improve the quality of care provided. Staff are taught and supported in doing root cause analysis and after-action reviews by the Integrated Service Unit clinical governance coordinators.

Performance dashboards are used across the organisational governance structure 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. The Trust also commissioned PwC (prior year auditor) to undertake a data quality review, as part of the annual plan assurance process. This was in addition to the statutory finance auditing and national clinic audit processes, undertaken across a range of key performance metrics.

Clinical protocols are published and updated with the specialities and equality impact assessments are undertaken when services change. The Chief Nurse and Medical Director run monthly Clinical Audit and Effectiveness Group meetings to review and recommend implementation of local and national evidence (NICE guidance, national audits etc.) Across the specialities clinical effectiveness meetings run monthly or bi-monthly with the aim of sharing learning and outcome data.

With regard to NHSI performance indicators, these are reported monthly to the Board as part of the Integrated Performance Report.

In relation to waiting times data, the Foundation Trust assures the quality and accuracy of waiting time data, and the risks to quality and accuracy of this data by maintaining a weekly review process with clinical teams to ensure longest waits are validated. The Foundation Trust has also worked with the National Team on their PTL Diagnostics Programme (Patient Target List) and has submitted waiting times data via the ClearPTL portal. The ClearPTL system uses a suite of data quality algorithms to identify potential issues/anomalies with our waiting times data and provides a number of data quality reports that the Foundation Trust can use to cleanse its data. In response to this process, a further in-depth validation process was undertaken in Q4 2020/21. The Foundation Trust has implemented the new priority codes (P codes) to the admitted patient waiting lists to standardise clinical prioritisation and allow regional and national comparison. This is in accordance with national guidance and is fully compliant.

Finally, operational controls are maintained with Chief Operating Officer oversight through fortnightly performance risk and assurance meetings with service leads. Performance benchmarking including model hospital and third-party benchmarking including Dr Foster, 'Gooroo' Planner (referral to treatment data ('RTT')) and NHSI performance benchmarking is used to triangulate data and support assurance of data quality and reporting accuracy.

During the year, Internal Audit undertook a number of audit reviews on the Foundation Trust's control systems and processes, including data quality. As the Foundation Trust moves into 2021/22, it will, with support from Internal Audit, seek to strengthen its governance arrangements around data capture and quality.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust that have responsibility for the development and maintenance of the internal control framework. I have drawn on performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, and its sub-committees: including the Audit 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, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its corporate objectives have been reviewed. 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, NHS Resolution 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 the Foundation Trust adheres to its Constitution and applies its 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 Foundation Trust. 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 the

Foundation Trust's Board Assurance Framework document reviewed regularly by the Board of Directors;

- The Audit 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 Committee is chaired by the Vice-Chair 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 Foundation Trust has robust systems in place to learn from experience. It receives reports from specialist governance groups e.g. safeguarding; 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 the Trust's 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 the financial viability and sustainability of the Trust. 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 programme's investment objectives and realisation of the stated benefits. It also set out 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; and

- 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 Trust 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.

The Internal Audit reports issued in the year have given significant assurance that there is generally a sound system of internal control, designed to meet the organisation's objectives, and controls are generally being applied consistently. Some weaknesses in the design and/or inconsistent application of controls which put the achievement of certain objectives at risk are appropriately managed.

Internal audit undertook 13 reviews to inform the Head of Internal Audit Opinion for 2020/21, of which four received significant assurance, including the Board Assurance Framework. There were no limited assurance reports. Internal audit reports are received by the Risk Group before presentation to the Audit Committee for assurance. Action plans and progress are reported in detail to each subsequent Audit Committee meeting as part of Internal Audit's follow-up process. This process has been enhanced through a programme of review of improvements in practice in response to limited assurance reviews by the Audit Committee, including presentation of the action plan to the Audit 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 Committee.

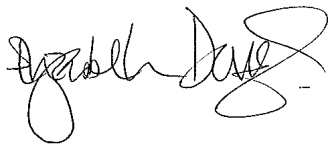
External Audit provides independent assurance on the Annual Accounts, Annual Report and the Annual Governance Statement.

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 Foundation Trust, have identified and are managing the risks facing the Foundation Trust, 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 Foundation Trust along with there being no major concerns from the undertaking of an effective programme of independent, risk based monitoring; and
- The Foundation Trust's 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 2021 and up to the date of approval of the annual report and accounts.



Liz Davenport, Chief Executive

28 June 2021

Appendix A – Biographies of the Board of Directors as at 31 March 2021

Richard Ibbotson – Chairman **Appointed:** June 2014 **Reappointed:** April 2017, June 2020 and June 2021	Sir Richard Ibbotson was appointed Chair of the Trust 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 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 was Chair of Basildon Renaissance Partnership, a member of the Council of Essex University, a Director of Torbay Development Agency and was until 2017, 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 of South West Lakes Trust. 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 of the Trust's subsidiary SDH Innovations Partnership LLP.
Jacqui Lyttle – Non-Executive Director and Senior Independent Director **Appointed:** October 2014 **Reappointed:** October 2017 and October 2020	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 Interim Executive Director for People at South Western Ambulance Foundation Trust. She is also the owner of a strategic consulting and executive coaching business and lectures in the areas of HR and leadership. Prior to this, Vikki was the Chief Talent Officer for Plymouth University and before that 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. In the early part of his career, he spent many years working in the NHS at senior manager and board level leading the digital and information agenda, taking the lead on clinical computing and electronic patient records ('EPR') programmes. Paul went on to move to the commercial sector where he has led a variety of successful software and services business at Director, Managing Director and Partner level with a range of well-known technology brands working internationally in the healthcare industry. As a result, Paul has extensive experience of running complex digital led health and social care programmes. Today, he works with organisations and individuals to help them achieve their business objectives and grow their business. He has often been brought into organisations to turnaround acquisitions, develop governance arrangements and lead new business critical initiatives. Paul has a passion for improving and connecting health and social care to improve services to patients and ensure high quality outcomes. He continues to have a variety of business interests amongst them a local visitor attraction and conservation programme which aims to protect wildlife and provide wildlife education to visitors. Paul is Chair of the Finance, Performance and Digital 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, Fianium Holdings, 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 home industry. 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 Torbay Pharmaceuticals and a Director of the Trust's subsidiary SDH Developments Limited.
Sally Taylor – Non-Executive Director and Vice Chair **Appointed:** January 2013 (South Devon Healthcare NHSFT) **Reappointed:** January 2016 and January 2019	Sally Taylor joined the Board when the ICO was formed having previously been a Non-Executive Director of South Devon Healthcare NHS Foundation Trust from January 2013. Sally was appointed Chair of Cornwall Care Limited in January 2021. She was the Chief Executive of St Luke's Hospice in Plymouth from 1994 to 2016. St Luke's delivers specialist palliative care, including advice and support to other professionals, for patients in Derriford, at home and in the hospice in-patient unit. Prior to that she spent nine years as a Chartered Accountant with PricewaterhouseCoopers LLP in London, specialising in corporate finance for small and growing businesses. Sally has been Trustee/ treasurer/chairman of several charities including Hospice UK (the national membership body for hospices), the Harbour Centre drug and alcohol advisory service and the Barbican Theatre in Plymouth. Sally is Chair of the Audit Committee.
Jon Welch – Non-Executive Director **Appointed:** October 2015 **Reappointed:** October 2018	Jon Welch joined the Board in 2015 having previously been a Non-Executive Director of Torbay and Southern Devon Health and Care NHS Trust that had corporate responsibility for both community health and for adult social care provision. Jon comes from a Royal Navy background, with his last appointment before he retired being Head of Research and Technology for NATO Transformation Command in the USA. He received a letter of appreciation and commendation from the NATO Secretary General following his successful formation of a new department with high level NATO interest. He was also honoured with the Legion of Merit by the US President; the highest award the USA can give to a foreign national.

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 as well as the Caldicott Guardian for the Trust. 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.
Rob Dyer – Deputy Chief Executive **Appointed:** August 2020	Rob Dyer is currently seconded to Devon Integrated Care System (ICS) as the Lead Medical Director and Digital Workstream Lead until July 2021. Rob is retaining a Board-level position at the Trust as Deputy Chief Executive and as Senior Responsible Officer for the Trust's 'Building a Brighter Future' programme. Rob joined the Trust in April 1998 as a Consultant in Diabetes and Endocrinology and became Executive Medical Director in October 2015. Prior to becoming Medical Director, Rob was a Consultant Physician and Endocrinologist. He trained in Birmingham and Newcastle and has been a consultant since 1994, first in Northumberland and Newcastle and from 1998 at Torbay Hospital. Rob's clinical specialisms were in diabetes, endocrinology, and thyroid problems. Rob also held the position of Associate Medical Director for Long Term Conditions and Transformation, acting as clinical lead for the formation of the Integrated Care Organisation in 2015. He has a long-standing interest in integrated care models, patient self-management and prevention in long term conditions. One of his present responsibilities as the Devon STP Lead Medical Director is the redevelopment of the Trust through redesign of care pathways, making maximum use of digital technology, and redesign of the buildings to reflect modern ways of providing care. Rob has held a range of appointments in educational roles throughout his career, and in 2019 was appointed as Honorary Associate Professor of the University of Plymouth in recognition of the expanding role of Torbay and South Devon in training of medical students.

Judy Falcão – Chief People Officer (previously Director of Workforce and Organisational Development) **Appointed:** August 2016	Judy Falcão is responsible for the delivery of the Trust People Plan. Her key areas of responsibility cover services and functions including the Resourcing Hub, People Hub (HR Practice Advisory Services), Business Partnering, Payroll and Pensions, Workforce Information and Planning, Health and Wellbeing including Occupational Health, Organisational Development including Staff Experience, Leadership Development, Coaching, Cultural Change, Talent Management, Equality and Diversity and Freedom to Speak Up. Judy joined the Trust in August 2016. Prior to joining the Trust, she was the Director of Workforce and Organisational Development at Poole Hospital NHS Foundation Trust. Judy has held several Executive Director roles across the NHS including Acute, Mental Health, Health Authority, and the Ambulance Service.
John Harrison – Chief Operating Officer **Appointed** April 2019	John Harrison is responsible for developing, implementing and ongoing oversight of health and social care delivery for the Trust's population. He is also responsible for overseeing health and safety and security management functions for the Trust. John joined the Trust in February 2012 and in January 2018 took on the operations portfolio as Interim Chief Operating Officer, having previously been Deputy Chief Operating Officer. He was appointed to the substantive Chief Operating Officer position in April 2019. Prior to joining the Trust, John was Director of the Peninsula Cancer Network and led the process across Devon and Cornwall to secure necessary service changes to deliver the NHS Cancer Plan improvements. He has 21 years of healthcare experience and was previously Director of Commissioning for Plymouth Primary Care Trust, having run GP Fundholding for the previous Health Authority. John's external interests include acting as a Trustee of SPACE Youth Service for Devon.

Adel Jones – Director of Transformation and Partnerships **Appointed:** July 2019	Adel Jones is responsible for the development of the Trust vision for the future and the strategy to deliver our strategic ambitions, including transformation programmes. Her portfolio includes the delivery of the Trust Digital Strategy, its aims of which are to ensure that we harness the potential of technology, to enable the delivery of care in our facilities, to enable more care to be delivered closer to home and to support our local population to engage more effectively in their care to improve wellbeing. Working with staff, local people and partnership organisations is integral to the development and delivery of our strategy and this is a core part of Adel's portfolio, including responsibility for communications, partnerships and charitable fundraising. Adel joined the Trust in July 2019 and has significant experience of operational management across acute and community services, service improvement, strategic planning and workforce development. She is passionate about service transformation and in particular ensuring that we have effective partnerships with our local people, councils, voluntary sector and other health and social care organisations to meet the needs of our local people.
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, infection prevention and control, 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 **Appointed:** January 2020	Dave Stacey is responsible for the Foundation Trust's financial planning and performance. 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.
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. Joanne joined the Trust 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. 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 the Trust 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 at 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 tsdft.foi@nhs.net

To hear more

During the Covid pandemic, the Trust has been holding all corporate meetings, including Board meetings and Council of Governors' meetings, by virtual means. 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 the Trust's Board meetings via the Trust 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 NHS Foundation Trust 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.lof.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.

- Contact: Voluntary Services Coordinator on 01803 210500

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 staff

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.workexperience@nhs.net

To find out about South Devon Healthcare Arts

This scheme is supported by staff volunteering their time and by charitable funds generated from the proceeds of sales from art exhibitions staged in The Gallery, Torbay Hospital. The aim is to enhance the health and social care environment.

- Contact: Health and the Arts Torbay and South Devon on 01803 614567

For general health queries

- Contact NHS advice by telephone on 111

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Torbay and South Devon NHS Foundation Trust

Annual accounts for the year ended 31 March 2021

Foreword to the accounts

These accounts, for the year ended 31 March 2021, 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 **28 June 2021**

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 subsidiaries, associates and joint ventures (the 'Group') for the year ended 31 March 2021, 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 accounts, 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 2020 to 2021.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Group and the Trust as at 31 March 2021 and of the Group's expenditure and income and the Trust's expenditure and income for the year then ended;
- 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 2020 to 2021; 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 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 2020 to 2021 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 2020) 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.

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 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.

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.

The responsibilities of the Accounting Officer with respect to going concern are described in the 'Responsibilities of the Accounting Officer and Those Charged with Governance for the financial statements' section of this report.

Other information

The Accounting Officer is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 2020/21 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, based on the work undertaken in the course of the audit:

- the parts of the Remuneration Report and the Staff Report to be audited have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 7 of the National Health Service Act 2006; and
- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust, 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 and Those Charged with Governance for the financial statements

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 2020/21, 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.

The Audit Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Group and Trust's financial reporting process.

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.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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
- We enquired of management and the Audit 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 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, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and fraudulent revenue and expenditure recognition. We determined that the principal risks were in respect of the Trust and in relation to:
  - journals with risk characteristics that we determined as elevated or high risk
  - management estimates in particular those relating to land, buildings and dwellings valuations
  - fraudulent recognition of revenue streams that are not derived from contracts that are agreed in advance at a fixed price
  - fraudulent expenditure recognition, and specifically the completeness of expenditure.
- Our audit procedures involved, which related to the Trust only:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - selected journal entry testing, with a focus on journals with risk characteristics that we determined as elevated or high risk, such as large journals, journals posted by staff with elevated access privileges; post year end transactions and journals posted by senior management.
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land, buildings and dwellings valuations and the PFI liabilities;

  - evaluation of the Trust's revenue recognition policies and agreeing a sample of revenue transactions to supporting documentation;
  - assessing the completeness of operating expenditure with a particular focus on the adequacy of year end accruals and testing a sample of transactions recorded close to and after the year end to ensure they were recorded in the correct financial period.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from 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 communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land, buildings and dwellings valuations and the Trust's PFI liabilities.
- 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 Improvement'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.

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 2021.

Our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Trust's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in our Audit Completion Certificate. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2021.

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 undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021. 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 document 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 consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Torbay and South Devon NHS Foundation Trust for the year ended 31 March 2021 in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice until we have completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

Barrie Morris, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

28th June 2021

Independent auditor's report to the Council of Governors of Torbay and South Devon NHS Foundation Trust

In our auditor's report issued on 28 June 2021, we explained that we could not formally conclude the audit and issue an audit certificate for the Trust for the year ended 31 March 2021, in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice, until we had:

- Completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have now completed this work, and the results of our work are set out below.

-

Opinion on the financial statements

In our auditor's report for the year ended 31 March 2021 issued on 28 June 2021 we reported that, 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 2021 and of the group's expenditure and income and the Trust's expenditure and income for the year then ended;
- 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 2020 to 2021; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave this

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 2021.

We have nothing to report in respect of the above matter.

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 April 2021. 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 – Audit certificate

We certify that we have completed the audit of Torbay and South Devon NHS Foundation Trust for the year ended 31 March 2021 in accordance with the requirements of Chapter 5 of Part 2 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

Barrie Morris, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

8th September 2021

Statement of Comprehensive Income for the year ended 31 March 2021

	Note	Group Year Ended 2020/21 £000	Year Ended 2019/20 £000
Operating income from patient care activities	3	496,344	447,606
Other operating income	4	63,621	52,603
Operating expenses	5	(553,507)	(511,485)
Operating surplus / (deficit) from continuing operations		**6,458**	**(11,276)**
Finance income	10	7	158
Finance expenses	11	(2,825)	(3,647)
PDC dividends payable		(3,479)	(3,171)
Net finance costs		**(6,297)**	**(6,660)**
Other losses, net	12	(265)	(74)
Corporation tax expense		(20)	(32)
(Deficit) for the year from continuing operations		**(124)**	**(18,042)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Revaluations	18	3,233	4,230
Total comprehensive income / (expense) for the year		**3,109**	**(13,812)**
(Deficit) for the period attributable to:			
Torbay and South Devon NHS Foundation Trust		(124)	(18,042)
TOTAL		**(124)**	**(18,042)**
Total comprehensive income / (expense) for the year attributable to:			
Torbay and South Devon NHS Foundation Trust		3,109	(13,812)
TOTAL		**3,109**	**(13,812)**

Statement of Financial Position as at 31 March 2021

	Notes	Group 31 March 2021 £000	Group 31 March 2020 £000	Trust 31 March 2021 £000	Trust 31 March 2020 £000
Non-current assets					
Intangible assets	14	10,091	12,122	10,091	12,122
Property, plant and equipment	15 & 16	219,481	197,765	219,331	197,594
Investments in associates (and joint ventures)	19	65	65	65	65
Receivables	21	1,975	1,917	2,386	2,364
Total non-current assets		**231,612**	**211,869**	**231,873**	**212,145**
Current assets					
Inventories	20	11,960	10,277	11,309	9,669
Receivables	21	20,551	29,883	20,375	29,728
Non-current assets held for sale	22	687	687	687	687
Cash and cash equivalents	23	45,445	10,137	45,212	9,400
Total current assets		**78,643**	**50,984**	**77,583**	**49,484**
Current liabilities					
Trade and other payables	24	(61,815)	(40,629)	(61,679)	(39,960)
Borrowings	27	(8,235)	(37,828)	(8,235)	(37,828)
Provisions	29	(383)	(404)	(383)	(404)
Other liabilities	26	(7,795)	(8,260)	(7,795)	(8,260)
Total current liabilities		**(78,228)**	**(87,121)**	**(78,092)**	**(86,452)**
Total assets less current liabilities		**232,027**	**175,732**	**231,364**	**175,177**
Non-current liabilities					
Borrowings	27	(55,423)	(66,120)	(55,423)	(66,120)
Provisions	29	(6,131)	(5,388)	(6,131)	(5,388)
Total non-current liabilities		**(61,554)**	**(71,508)**	**(61,554)**	**(71,508)**
Total assets employed		**170,473**	**104,224**	**169,810**	**103,669**
Financed by					
Public dividend capital		130,755	67,615	130,755	67,615
Revaluation reserve		49,152	46,089	49,152	46,089
Income and expenditure reserve		(9,434)	(9,480)	(10,097)	(10,035)
Total taxpayers' equity		**170,473**	**104,224**	**169,810**	**103,669**

The notes on pages 138 to 188 form part of these accounts

Signed .....

Name **Liz Davenport**

Position **Chief Executive**

Date **28 June 2021**

Statement of Changes in Equity for the year ended 31 March 2021

Group	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2020 - brought forward	**67,615**	**46,089**	**(9,480)**	**104,224**
Deficit for the year	0	0	(124)	**(124)**
Revaluations	0	3,233	0	**3,233**
Transfer to retained earnings on disposal of assets	0	(170)	170	**0**
Public dividend capital received	63,140	0	0	**63,140**
Taxpayers' and others' equity at 31 March 2021	**130,755**	**49,152**	**(9,434)**	**170,473**

Statement of Changes in Equity for the year ended 31 March 2020

Group	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**64,509**	**41,869**	**8,552**	**114,930**
Deficit for the year	0	0	(18,042)	**(18,042)**
Revaluations	0	4,230	0	**4,230**
Transfer to retained earnings on disposal of assets	0	(10)	10	**0**
Public dividend capital received	3,106	0	0	**3,106**
Taxpayers' and others' equity at 31 March 2020	**67,615**	**46,089**	**(9,480)**	**104,224**

Statement of Changes in Equity for the year ended 31 March 2021

Trust	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2020 - brought forward	**67,615**	**46,089**	**(10,035)**	**103,669**
Deficit for the year	0	0	(232)	**(232)**
Revaluations	0	3,233	0	**3,233**
Transfer to retained earnings on disposal of assets	0	(170)	170	**0**
Public dividend capital received	63,140	0	0	**63,140**
Taxpayers' and others' equity at 31 March 2021	**130,755**	**49,152**	**(10,097)**	**169,810**

Statement of Changes in Equity for the year ended 31 March 2020

Trust	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**64,509**	**41,869**	**8,124**	**114,502**
Deficit for the year	0	0	(18,169)	**(18,169)**
Revaluations	0	4,230	0	**4,230**
Transfer to retained earnings on disposal of assets	0	(10)	10	**0**
Public dividend capital received	3,106	0	0	**3,106**
Taxpayers' and others' equity at 31 March 2020	**67,615**	**46,089**	**(10,035)**	**103,669**

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.

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Statement of Cash Flows

	Note	Group Year ended 2020/21 £000	Group Year Ended 2019/20 £000	Trust Year Ended 2020/21 £000	Trust Year ended 2019/20 £000
Cash flows from operating activities					
Operating surplus / (deficit)		6,458	(11,276)	6,304	(11,463)
Non-cash income and expense:					
Depreciation and amortisation	5	15,898	13,258	15,877	13,237
Net impairments	6.1	3,702	(8)	3,702	(8)
Income recognised in respect of capital donations		(1,324)	(774)	(1,324)	(774)
Decrease / (Increase) in receivables and other assets		8,926	(396)	8,947	(275)
Increase in inventories		(1,683)	(821)	(1,640)	(813)
Increase in payables and other liabilities		11,493	14,391	12,013	14,030
(Decrease) / Increase in provisions		768	982	768	982
Tax paid		(33)	(8)	0	0
Net cash flows from operating activities		**44,205**	**15,348**	**44,647**	**14,916**
Cash flows from investing activities					
Interest received		7	158	33	186
Purchase of financial assets / investments		0	(30)	0	(30)
Purchase of intangible assets		(2,542)	(3,323)	(2,542)	(3,323)
Purchase of Property, Plant and Equipment		(16,515)	(10,559)	(16,515)	(10,559)
Sales of Property, Plant and Equipment		92	320	92	320
Receipt of cash donations to purchase assets		86	85	86	85
Net cash flows used in investing activities		**(18,872)**	**(13,349)**	**(18,846)**	**(13,321)**
Cash flows from financing activities					
Public dividend capital received		63,140	3,106	63,140	3,106
Movement on loans from DHSC		(45,086)	11,326	(45,086)	11,326
Other capital receipts *		0	0	36	37
Capital element of finance lease rental payments		(1,234)	(410)	(1,234)	(410)
Capital element of PFI obligations		(854)	(893)	(854)	(893)
Interest paid on loans		(1,033)	(1,753)	(1,033)	(1,753)
Interest paid on finance leases liabilities		(201)	(89)	(201)	(89)
Interest paid on PFI obligations		(1,716)	(1,790)	(1,716)	(1,790)
PDC dividend paid		(3,041)	(3,565)	(3,041)	(3,565)
Net cash flows from financing activities		**9,975**	**5,932**	**10,011**	**5,969**
Increase in cash and cash equivalents		**35,308**	**7,931**	**35,812**	**7,564**
Cash and cash equivalents at 1 April - brought forward		**10,137**	**2,206**	**9,400**	**1,836**
Cash and cash equivalents at 31 March	23	**45,445**	**10,137**	**45,212**	**9,400**

* Other Capital Receipts for the Trust totalling £36,000 (2019/20 £37,000) 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 Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2020/21 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 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 financial statements have been prepared on a going concern basis.

International Accounting Standard IAS) 1 requires the Board to assess, as part of the accounts preparation process, the Trust'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.

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 1.8 '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.

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.

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.

Note 1.2 Critical judgements and sources of Estimation uncertainty in applying accounting policies (continued)

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.

Joint Operations and Income Recognition - critical accounting judgement

The Trust has been commissioned to deliver a Children's and Family Health service to the population of Devon. To deliver this service the Trust has sub-contracted a number of services to neighbouring NHS organisations. The Trust has concluded through a review of contract documentation and by agreement with sub-contractors of the service that a Joint Operation as defined by IFRS11 is not in place, and further the Trust is acting as Principal as opposed to Agent when considering how income and expense should be accounted for. Accordingly in line with IFRS 15, income from the Commissioner is shown gross within the financial statements and those services delivered by Sub-Contractors are included as Purchase of healthcare from NHS and DHSC bodies within Operating Expenditure. The value of the sub-contracted service totalled £11.7m in 2020/21 (2019/20 £10.5m)

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 2021.
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.

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

The Trust during 2019/20 reported its expenditure to the Trust Board using a segmental reporting analysis. The analysis was at clinical and non-clinical level. The Trust Board did not use this analysis for decision making purposes. The analysis was simply presented to describe variances to planned spend. In line with accounting standards the same expenditure analysis is presented in these accounts. Please refer to note 2. During 2020/21 the Trust did not report is 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 accounting policies for revenue recognition and the application of IFRS 15 are consistently applied. The contracting arrangements in the NHS changed between 2019/20 and 2020/21 affecting the application of the accounting policy under IFRS 15. This difference in application is explained below.

2020/21

The main source of income for the Trust is contracts with commissioners for health care services. In 2020/21, the majority of the trust's income from NHS commissioners was in the form of block contract arrangements. During the first half of the year the trust received block funding from its commissioners. For the second half of the year, block contract arrangements were agreed at an Integrated Care System level. The related performance obligation is the delivery of healthcare and related services during the period, with the trust's entitlement to consideration not varying based on the levels of activity performed.

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.

Comparative period (2019/20)

In the comparative period (2019/20), the trust's contracts with NHS commissioners included those where the trust's entitlement to income varied according to services delivered. A performance obligation relating to delivery of a spell of health care was generally satisfied over time as healthcare was received and consumed simultaneously by the customer as the Trust performed it. The customer in such a contract was the commissioner, but the customer benefited as services were provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligned with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that were substantially the same and had a similar pattern of transfer. At the year end, the Trust accrued income relating to activity delivered in that year, where a patient care spell was incomplete. This accrual was disclosed as a contract receivable as entitlement to payment for work completed was usually only dependent on the passage of time.

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.

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.

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.

Note 1.11.2 Measurement (continued)

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 2020/21 this includes 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 shown in the table below:

	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, unless the trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

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

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

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

Amortisation

The Trust has two classes of Intangible assets. The first are those that are assessed to have finite lives, namely software licences and these are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. The other category are assets that are assessed as having indefinite lives. These are not amortised but they are tested by signs of impairment each financial year. The assets that indefinite lives are Licences that the Trust has developed and that in turn enable the Trust to generate an income stream that contributes to the cost of delivering the Trust's health and social care activities

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	-	-

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 2020/21, the Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

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 instruments and financial liabilities

Recognition

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

Note 1.15 Financial instruments and financial liabilities - continued

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.

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

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.

Note 1.16.1 The trust as lessee

Finance leases

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

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

The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the Statement of Financial Position and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Leases of land and buildings

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

Note 1.16.2 The trust as lessor

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

Rental income from operating leases is recognised on a straight-line 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 1.17 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 2021.

		Nominal rate
Short-term	Up to 5 years	Minus 0.02%
Medium-term	After 5 years up to 10 years	0.18%
Long-term	Exceeding 10 years	1.99%

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

	Inflation rate
Year 1	1.20%
Year 2	1.60%
Into perpetuity	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.95% in real terms.

Note 1.17 Provisions (continued)

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 30 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.

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities with certain conditions and deductions as defined by the Department of Health & Social Care.

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 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 1.23 Losses and special payments

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

The losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.24 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.25 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2020/21.

Note 1.26 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases - will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

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

On transition to IFRS 16 on 1 April 2022, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be defined by HM Treasury. Currently this rate is 0.91% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2022 for existing finance leases.

For leases commencing in 2022/23, the trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

The implementation date for IFRS 16 in the NHS was revised to 1 April 2022 in November 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2022 and beyond, a quantification of the expected impact of applying the standard in 2022/23 is currently impracticable.

From 1 April 2022, the principles of IFRS 16 will also be applied to the Trust's PFI liabilities where future payments are linked to RPI and RPIX. The PFI imputed lease liability will be remeasured when a change in the index causes a change in future imputed lease payments and that change has taken effect in the cash flow. Under existing accounting practices, amounts relating to changes in the price index are expensed as incurred. The effect of this has not yet been quantified.

IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2023, but not yet adopted by the FReM: early adoption is not therefore permitted. It has not been possible to assess the impact of this standard as it is impracticable to do so.

Note 2 Operating Segments

Note 2.1 Operating Segments 2020/21 (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.

Due to the impact of COVID-19 has had on the operation of health and social care activities during 2020/21 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 2020/21 is in accordance with these financial accounts.

Note 2 Operating Segments (continued)

Note 2.2 Operating Segments 2019/20 (Group)

During 2019/20, the Trust Board routinely received information on financial performance at a 'System' level. These 'Systems' being: -

Operating Segments	South Devon System	Torbay System	Shared Operations	Shared Corporate	Total	Reconciliation to Statement of Comprehensive Income			
Nature of services provided	Acute and Community healthcare services	Acute, Community healthcare and social care services	Largely clinical support services	Largely non clinical support services		Operating income	Other Operating income	Operating expenses	Non-operating items
	£000	£000	£000	£000	£000	£000		£000	£000
Pay costs - as reported to Board *	**(105,201)**	**(93,046)**	**(7,205)**	**(63,961)**	**(269,413)**	**0**	**0**	**(269,413)**	**0**
Non Pay costs - as reported to Board	**(31,317)**	**(152,476)**	**(2,843)**	**(42,186)**	**(228,822)**	**0**	**0**	**(228,822)**	**0**
Financing Costs - depreciation and amortisation	0	0	0	(13,258)	**(13,258)**	0	0	(13,258)	0
Financing Income - net reversal of impairment	0	0	0	8	**8**	0	0	8	0
Financing Income - interest income	0	0	0	158	**158**	0	0	0	158
Financing Costs - interest expense	(1,790)	0	0	(1,857)	**(3,647)**	0	0	0	(3,647)
Financing Costs - PDC dividend expense	0	0	0	(3,171)	**(3,171)**	0	0	0	(3,171)
Financing Costs - net losses on disposal of assets	0	0	0	(74)	**(74)**	0	0	0	(74)
Financing Costs - corporation tax expense	0	0	0	(32)	**(32)**	0	0	0	(32)
Financing Costs - as reported to Board	**(1,790)**	**0**	**0**	**(18,226)**	**(20,016)**	**0**	**0**	**(13,250)**	**(6,766)**
Income - as reported to Board	**166,693**	**238,465**	**4,648**	**90,403**	**500,209**	**447,606**	**52,603**	**0**	**0**
Surpluses / (Deficits) for the year reported to Board	**28,385**	**(7,057)**	**(5,400)**	**(33,970)**	**(18,042)**	**447,606**	**52,603**	**(511,485)**	**(6,766)**

* Pay costs exclude capitalised costs totalling £1,715k, as disclosed in Note 7 to the Accounts

The operating segments disclosed above were those reported monthly to the Trust Board, which is considered to be the Chief Operating Decision Maker (as defined by IFRS 8).

The information presented to the Trust Board during 2019/20 used the above segmental reporting analysis solely for the purposes of describing variations (i.e. over and under spends) to the budgeted plans as required by NHS Improvement. The above segmental information is however not used by the Trust Board for investment decisions. As referred to in note 2.1 above, budgeting and investment decisions are 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.

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.

	2020/21 £000	Restated * 2019/20 £000
Acute services		
Block contract / system envelope income *	274,929	252,937
High cost drugs income from commissioners	21,074	19,729
Other NHS clinical income *	4,876	3,630
Community services		
Block contract / system envelope income *	106,311	97,844
Income from other sources (e.g. local authorities)	74,151	60,927
All trusts		
Private patient income	610	1,149
Additional pension contribution central funding **	11,522	10,803
Other clinical income**	2,871	587
Total income from patient care activities	**496,344**	**447,606**

*As part of the coronavirus pandemic response, transaction flows were simplified in the NHS and providers and their commissioners moved onto block contract payments at the start of 2020/21. In the second half of the year, a revised financial framework built on these arrangements but with a greater focus on system partnership and providers derived most of their income from these system envelopes. Comparatives in this note are presented to be comparable with the current year activity. This does not reflect the contracting and payment mechanisms in place during the prior year.

** 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:	2020/21 £000	2019/20 £000
NHS England	56,644	54,169
Clinical commissioning groups	361,818	327,244
NHS Foundation Trusts	35	0
NHS Trusts	2,368	2,582
Local authorities	62,354	50,545
Non-NHS: private patients	583	1,007
Non-NHS: overseas patients (chargeable to patient)	27	142
NHS injury scheme *	315	529
Non NHS: other **	12,200	11,388
Total income from activities	**496,344**	**447,606**
Of which:		
Related to continuing operations	496,344	447,606
Related to discontinued operations	0	0

* NHS Injury Scheme Income is subject to a provision for doubtful debts of 22.43% (2019/20 21.79%) 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)

	2020/21 £000	2019/20 £000
Income recognised this year	27	142
Cash payments received in-year	20	77
Amounts added to provision for impairment of receivables	0	0
Amounts written off in-year	38	49

Note 4 Other operating income (Group)

	2020/21			2019/20		
	Contract income £000	Non-contract income £000	Total £000	Contract income £000	Non-contract income £000	Total £000
Research and development (contract)	1,246	-	1,246	1,374	-	1,374
Education and training (excluding notional apprenticeship levy income)	9,923	-	9,923	9,399	-	9,399
Non-patient care services to other bodies	4,614	-	4,614	5,409	-	5,409
Provider sustainability fund (2019/20 only)	0	-	0	1,842	-	1,842
Marginal rate emergency tariff funding (2019/20 only)	0	-	0	3,878	-	3,878
Reimbursement and top up funding	15,774	-	15,774	0	-	0
Other income (recognised in accordance with IFRS15)	25,413	-	25,413	27,958	-	27,958
Education and training - notional income from apprenticeship fund	-	655	655	-	752	752
Donations of physical assets (non cash)	-	0	0	-	689	689
Donated equipment from DHSC for COVID response (non-cash)	-	1,238	1,238	-	0	0
Cash donations for the purchase of capital assets - received from NHS charities	-	86	86	-	85	85
Charitable and other contributions to expenditure - received from other bodies	-	0	0	-	482	482
Contributions to expenditure - receipt of equipment donated from DHSC for COVID response below capitalisation threshold	-	117	117	-	0	0
Contributions to expenditure - consumables (inventory) donated from DHSC group bodies for COVID response	-	3,800	3,800	-	0	0
Rental revenue from operating leases	-	755	755	-	735	735
Total other operating income	**56,970**	**6,651**	**63,621**	**49,860**	**2,743**	**52,603**
Of which:						
Related to continuing operations			63,621			52,603
Related to discontinued operations			0			0

Other income (recognised in accordance with IFRS 15) includes £20.2m of sales (2019/20 £20.0m) from the Trust's Pharmacy Manufacturing Unit. Other income (recognised in accordance with IFRS 15) also includes £1.6m (2019/20 £1.7m) 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)

	2020/21 £000	2019/20 £000
Revenue recognised in the reporting period that was included within contract liabilities at the end of the previous period	6,229	3,388
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 2021 £000	31 March 2020 Restated £000
Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:		
within one year	7,795	8,260
after one year, not later than five years	0	0
after five years	0	0
	7,795	**8,260**

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:

	2020/21 £000	2019/20 £000
Income from services designated as commissioner requested services	481,341	435,067
Income from services not designated as commissioner requested services	15,003	12,539
Total	**496,344**	**447,606**

Note 4.4 Profits and losses on disposal of property, plant and equipment (Group)

During 2020/21 the Trust disposed of a number of Property, Plant and Equipment items and Intangible assets, the net loss of which was £265,000 (2019/20 net loss of £74,000).

Note 5 Operating expenses (Group)

	2020/21	2019/20
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	13,926	12,225
Purchase of healthcare from non-NHS and non-DHSC bodies	51,755	42,175
Purchase of social care	64,343	58,307
Staff and executive directors costs	274,552	258,862
Remuneration of non-executive directors	172	183
Supplies and services – clinical (excluding drugs costs)	31,041	27,243
Supplies and services – clinical: utilisation of consumables donated from DHSC group bodies for COVID response	3,185	0
Supplies and services - general	4,901	4,908
Supplies and services - general: notional cost of equipment donated from DHSC for COVID response below capitalisation threshold	117	0
Drugs costs (drugs inventory consumed and purchase of non-inventory drugs)	31,359	33,694
Inventories written down	95	79
Inventories written down (consumables donated from DHSC group bodies for COVID response)	115	0
Consultancy	29	8
Establishment	2,897	2,932
Premises	18,260	20,309
Transport (including patient travel)	2,409	3,073
Depreciation on property, plant and equipment	12,858	11,384
Amortisation on intangible assets	3,040	1,874
Net impairments	3,702	(8)
Movement in credit loss allowance: contract receivables/assets	597	2,329
Increase/(decrease) in other provisions	790	413
Change in provisions discount rates	195	341
Audit fees payable to the external auditor:		
audit services- statutory audit	123	117
other auditor remuneration (external auditor only)	0	2
Internal audit costs*	318	344
Clinical negligence	7,654	6,454
Legal fees	349	131
Insurance	128	145
Research and development - staff costs	1,583	1,431
Research and development - non-staff	55	38
Education and training - staff costs	9,290	8,776
Education and training - non-staff	1,680	1,637
Education and training - notional expenditure funded from apprenticeship fund	655	752
Rentals under operating leases	1,309	1,335
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI)	1,404	984
Grossing up consortium arrangements	1,459	1,290
Other	7,162	7,718
Total	**553,507**	**511,485**
Of which:		
Related to continuing operations	553,507	511,485
Related to discontinued operations	0	0

*** 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)

	2020/21 £000	2019/20 £000
Other auditor remuneration paid to the external auditor:		
Audit-related assurance services	0	2
Total	**0**	**2**

No non-statutory fees were paid to the Trust's auditors during 2020/21 (2019/20 £2k relates to work undertaken on assurance services).

Note 5.2 Limitation on auditor's liability (Group)

The limitation on auditor's liability for external audit work is £2m (2019/20: £1m).

Note 6 Net impairments (Group)

Note 6.1 Net Impairments total (Group)

	Note	2020/21 £000	2019/20 £000
Net impairments charged / (credited) to operating surplus / (deficit) surplus resulting from:			
Loss or damage from normal operations	6.2	2,308	41
Over specification of assets	6.3	0	75
Abandonment of assets in the course of construction	6.4	311	680
Changes in market price	6.5	1,083	(827)
Other	6.6	0	23
Total net impairments credited to operating surplus		**3,702**	**(8)**

Note 6.2 Loss or damage from normal operations (Group)

Impairments from 'Loss or damage from normal operations' totalled £2,308k during 2020/21 (2019/20 £41k) . The impairment processed in 2020/21 related to ten assets (2019/20, one asset). The ten assets impaired during 2020/21 were eight items of Plant & Machinery totalling £245k (2019/20 one asset, £41k) one Intangible software asset totalling £1,957k (2019/20 zero assets, £0k) and one Intangible licence totalling £106k (2019/20 zero assets, £0k). The assets were impaired following a value undertaken by management that concluded that these assets were no longer providing an economic return to the Trust's operations and had little prospect of producing a future return and therefore in line with IAS 36 - Impairment of Assets, the assets carrying value have been written down.

Note 6.3 Over specification of assets (Group)

Impairments from 'Over specification of assets' totalled £0k during 2020/21 (2019/20 £75k) . The impairment processed in 2019/20 related to medical equipment assets that were transferred to a new care provider of NHS Services at £0k consideration.

Note 6.4 Abandonment of assets in the course of construction (Group)

Abandonment of assets in the course of construction totalling £311k during 2020/21 relates to four items of Plant & Machinery totalling £266k and one Intangible asset totalling £45k. All were associated with the Trust's Pharmaceutical Manufacturing Activity. Management have concluded that these assets are unlikely to drive an economic return for the Trust and therefore the net book value of these items has been written down to £NIL as at 31st March 2021

The values impaired in 2019/20 was as follows: - Abandonment of assets in the course of construction totalling £680k relates to two Intangible assets, namely an IT scheme the Trust was developing to help facilitate the introduction of paperless medical records and also the write off of set-up costs associated with a new Children's Health and Family Devon service that the Trust started to run on 1st April 2019.. The IT scheme write off amounted to £404k. It has been written off as the Trust has been unable to secure funding to deliver the complete scheme and there is now a greater collaboration approach across the Devon catchment area to use common IT systems to facilitate more effective care. The set-up costs associated with the Children's Health and Family Devon service totalled £276k. These costs have been written off as there is now some uncertainty as to the future revenue surpluses that will be generated from this contract and therefore on the grounds of prudence, the set-up costs which were mostly comprised of internal project management time, have been impaired.

Note 6.5 Changes to market price (Group)

	2020/21 £000	2019/20 £000
Net impairments charged / (credited) to operating surplus / (deficit) resulting from:		
Revaluation of Trust's Buildings and Dwelling assets	1,403	(427)
Revaluation of Land	(320)	(400)
	1,083	**(827)**

The Trust commissioned the District Valuation Office in both 2020/21 and 2019/20 to provide an updated valuation of the Trust's properties as at 31st March 2021 and 31st March 2020 respectively. The valuation exercises consisted of desktop reviews (and during 2019/20 part physical inspections) 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 £2,150k (2019/20, £5,057k). Of the increase in value, £3,233k (2019/20, £4,230k) has been credited to the Trust's revaluation reserve and a net £1,083k has been charged (2019/20, £(827)k has been credited) to Operating Expenditure as an Impairment charge (2019/20 Reversal of Impairment Charge).

Note 6.6 Other

	2020/21 £000	2019/20 £000
Revaluation of surplus assets available for sale - Assets held for Sale	0	23
	0	**23**

Note 7 Employee benefits (Group)

	2020/21 Total £000	2019/20 Total £000
Salaries and wages	220,906	206,732
Social security costs	19,946	18,632
Apprenticeship levy	1,047	989
Employer's contributions to NHS Pension scheme	26,260	24,799
Employer's contributions paid by NHSE on provider's behalf to NHS Pension scheme	11,522	10,803
Pension cost - other	58	87
Temporary staff (including agency)	7,630	9,086
Total gross staff costs	**287,369**	**271,128**
Costs capitalised as part of assets	1,626	1,715

* 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 2020/21 there were 7 early retirements from the trust agreed on the grounds of ill-health (3 in the year ended 31 March 2020). The estimated additional pension liabilities of these ill-health retirements is £182k (£99k in 2019/20).

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 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 2021, is based on valuation data as at 31 March 2020, updated to 31 March 2021 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 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in the process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. the findings of this review will not impact the 2016 valuations with the aim for any changes to the cost cap mechanism to be made for the completion of the 2020 actuarial valuations.

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.

	2020/21 £000	2019/20 £000
Operating lease revenue		
Minimum lease receipts	755	735
Total	**755**	**735**

	31 March 2021 £000	31 March 2020 £000
Future minimum lease receipts due:		
- not later than one year;	635	0
- later than one year and not later than five years;	2,538	0
- later than five years.	3,173	0
Total	**6,346**	**0**

The Trust had a lease agreement with Devon Partnership Trust (DPT) which expired 31st March 2020. This arrangement was extended during 2020/21. In 2020/21 this income totalled £755,000 (2019/20 £735,000). The Trust has signed a new lease agreement with DPT for a period of 10 years from 1st April 2021.

Note 9.2 Torbay and South Devon NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Torbay and South Devon NHS Foundation Trust is the lessee.

	2020/21 £000	2019/20 £000
Operating lease expense		
Minimum lease payments	1,179	1,224
Contingent rents	130	111
Total	**1,309**	**1,335**

	31 March 2021 £000	31 March 2020 £000
Future minimum lease payments due:		
- not later than one year;	559	976
- later than one year and not later than five years;	798	1,068
- later than five years.	131	178
Total	**1,488**	**2,222**
Future minimum sublease payments to be received	1,488	2,222

Included in these commitments is £0.1m (2019/20 £0.4m) for Regent House, a building in Regent Close, Torquay, which has a 15 year lease expiring in 2021 with rent reviews every 5 years. The Trust also acts as an agent for members of staff leasing vehicles through a salary sacrifice scheme and the lease commitments of £0.8m (2019/20 £0.8m) are not included in the figures disclosed above.

Note 10 Finance income (Group)

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

	2020/21 £000	2019/20 £000
Interest on bank accounts	7	158
Total	**7**	**158**

Note 11 Finance expenses (Group)

Finance expenses represents interest and other charges involved in the borrowing of money or asset financing

	2020/21 £000	2019/20 £000
Interest expense:		
Loans from the Department of Health and Social Care	944	1,797
Finance leases	211	83
Main finance costs on PFI schemes obligations	1,161	1,230
Contingent finance costs on PFI schemes obligations	555	560
Total interest expense	**2,871**	**3,670**
Unwinding of discount on provisions	(46)	(23)
Total finance costs	**2,825**	**3,647**

Note 11.1 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2020/21 £000	2019/20 £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)

	2020/21 £000	2019/20 £000
Gains on disposal of assets	17	4
Losses on disposal of assets	(282)	(78)
Total losses, net on disposal of assets	**(265)**	**(74)**

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 £232k (2019/20 deficit of £18,169k). The trust's total comprehensive income for the period was £3,001k (2019/20: expense of £13,939k).

Note 14 Intangible assets - Group and Trust

Note 14.1 Intangible assets - 2020/21

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 2020 - brought forward	**18,233**	**1,131**	**0**	**2,346**	**21,710**
Additions	871	9	0	2,298	**3,178**
Impairments	(1,957)	(106)	0	(45)	**(2,108)**
Reclassifications	981	3	0	(1,001)	**(17)**
Disposals / derecognition	(1,970)	0	0	0	**(1,970)**
Valuation / gross cost at 31 March 2021	**16,158**	**1,037**	**0**	**3,598**	**20,793**
Accumulated Amortisation at 1 April 2020 - brought forward	**9,588**	**0**	**0**	**0**	**9,588**
Provided during the year	3,040	0	0	0	**3,040**
Disposals / derecognition	(1,926)	0	0	0	**(1,926)**
Accumulated Amortisation at 31 March 2021	**10,702**	**0**	**0**	**0**	**10,702**
Net book value at 31 March 2021	**5,456**	**1,037**	**0**	**3,598**	**10,091**
Net book value at 31 March 2020	**8,645**	**1,131**	**0**	**2,346**	**12,122**

Note 14.2 Intangible assets - 2019/20

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 2019 - as previously stated	**13,676**	**1,137**	**0**	**4,823**	**19,636**
Additions	1,157	0	0	1,661	**2,818**
Impairments	(680)	0	0	0	**(680)**
Reclassifications	4,091	0	0	(4,138)	**(47)**
Disposals / derecognition	(11)	(6)	0	0	**(17)**
Valuation / gross cost at 31 March 2020	**18,233**	**1,131**	**0**	**2,346**	**21,710**
Accumulated Amortisation at 1 April 2019 - as previously stated	**7,725**	**0**	**0**	**0**	**7,725**
Provided during the year	1,874	0	0	0	**1,874**
Disposals / derecognition	(11)	0	0	0	**(11)**
Accumulated Amortisation at 31 March 2020	**9,588**	**0**	**0**	**0**	**9,588**
Net book value at 31 March 2020	**8,645**	**1,131**	**0**	**2,346**	**12,122**
Net book value at 31 March 2019	**5,951**	**1,137**	**0**	**4,823**	**11,911**

Note 15 Property, plant and equipment - Group

Note 15.1 Property, plant and equipment - 2020/21

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 2020 - brought forward	**7,708**	**149,574**	**4,255**	**10,500**	**60,868**	**1,416**	**21,920**	**4,804**	**261,045**
Additions	0	7,730	50	20,245	3,709	6	1,468	23	**33,231**
Impairments	0	(2,328)	0	(266)	(245)	0	0	0	**(2,839)**
Reversals of impairments	320	925	0	0	0	0	0	0	**1,245**
Revaluations	1,245	(4,394)	(104)	0	0	0	0	0	**(3,253)**
Reclassifications	0	2,420	3	(6,956)	1,468	0	3,052	30	**17**
Disposals / derecognition	0	0	0	0	(6,722)	(45)	(4,985)	(5)	**(11,757)**
Valuation/gross cost at 31 March 2021	**9,273**	**153,927**	**4,204**	**23,523**	**59,078**	**1,377**	**21,455**	**4,852**	**277,689**
Accumulated depreciation at 1 April 2020 - brought forward	**0**	**46**	**0**	**0**	**39,570**	**883**	**18,158**	**4,623**	**63,280**
Provided during the year	0	6,256	219	0	4,349	136	1,849	49	**12,858**
Revaluations	0	(6,267)	(219)	0	0	0	0	0	**(6,486)**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Disposals / derecognition	0	0	0	0	(6,445)	(45)	(4,949)	(5)	**(11,444)**
Accumulated depreciation at 31 March 2021	**0**	**35**	**0**	**0**	**37,474**	**974**	**15,058**	**4,667**	**58,208**
Net book value at 31 March 2021	**9,273**	**153,892**	**4,204**	**23,523**	**21,604**	**403**	**6,397**	**185**	**219,481**
Net book value at 31 March 2020	**7,708**	**149,528**	**4,255**	**10,500**	**21,298**	**533**	**3,762**	**181**	**197,765**

Note 15 Property, plant and equipment - Group

Note 15.2 Property, plant and equipment - 2019/20

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 2019 - as previously stated	**7,708**	**145,307**	**4,228**	**7,667**	**56,926**	**1,431**	**20,839**	**4,794**	**248,900**
Additions	0	3,257	8	9,457	2,412	0	31	13	**15,178**
Impairments	0	(1,781)	0	0	(116)	0	0	0	**(1,897)**
Reversals of impairments	400	2,206	2	0	0	0	0	0	**2,608**
Revaluations	0	(1,735)	3	0	0	0	0	0	**(1,732)**
Reclassifications	0	2,320	14	(6,624)	2,655	0	1,681	1	**47**
Transfers to/ from assets held for sale	(400)	0	0	0	0	0	0	0	**(400)**
Disposals / derecognition	0	0	0	0	(1,009)	(15)	(631)	(4)	**(1,659)**
Valuation/gross cost at 31 March 2020	**7,708**	**149,574**	**4,255**	**10,500**	**60,868**	**1,416**	**21,920**	**4,804**	**261,045**
Accumulated depreciation at 1 April 2019 - as previously stated	**0**	**20**	**0**	**0**	**36,580**	**763**	**17,484**	**4,585**	**59,432**
Provided during the year	0	5,774	214	0	3,969	135	1,250	42	**11,384**
Revaluations	0	(5,748)	(214)	0	0	0	0	0	**(5,962)**
Disposals / derecognition	0	0	0	0	(979)	(15)	(576)	(4)	**(1,574)**
Accumulated depreciation at 31 March 2020	**0**	**46**	**0**	**0**	**39,570**	**883**	**18,158**	**4,623**	**63,280**
Net book value at 31 March 2020	**7,708**	**149,528**	**4,255**	**10,500**	**21,298**	**533**	**3,762**	**181**	**197,765**
Net book value at 31 March 2019	**7,708**	**145,287**	**4,228**	**7,667**	**20,346**	**668**	**3,355**	**209**	**189,468**

Note 15.3 Property, plant and equipment financing - 2020/21

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2021									
Owned - purchased	9,273	131,047	4,204	17,926	14,996	35	3,635	165	**181,281**
Finance leased	0	0	0	5,597	3,267	368	2,706	0	**11,938**
On-SoFP PFI contracts and other service concession arrangements	0	17,109	0	0	0	0	0	0	**17,109**
Owned - donated / granted	0	5,736	0	0	2,141	0	56	20	**7,953**
Owned - equipment donated from DHSC and NHSE for COVID response	0	0	0	0	1,200	0	0	0	**1,200**
NBV total at 31 March 2021	**9,273**	**153,892**	**4,204**	**23,523**	**21,604**	**403**	**6,397**	**185**	**219,481**

Note 15.4 Property, plant and equipment financing - 2019/20

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020									
Owned - purchased	7,708	126,098	4,255	7,446	15,935	67	3,686	157	**165,352**
Finance leased	0	0	0	3,054	2,675	466	0	0	**6,195**
On-SoFP PFI contracts and other service concession arrangements	0	17,443	0	0	0	0	0	0	**17,443**
Owned - donated / granted	0	5,987	0	0	2,688	0	76	24	**8,775**
NBV total at 31 March 2020	**7,708**	**149,528**	**4,255**	**10,500**	**21,298**	**533**	**3,762**	**181**	**197,765**

Note 16 Property, plant and equipment - Trust

Note 16.1 Property, plant and equipment - 2020/21

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 2020 - brought forward	**7,708**	**149,574**	**4,255**	**10,500**	**60,660**	**1,416**	**21,920**	**4,804**	**260,837**
Additions	0	7,730	50	20,245	3,709	6	1,468	23	**33,231**
Impairments	0	(2,328)	0	(266)	(245)	0	0	0	**(2,839)**
Reversals of impairments	320	925	0	0	0	0	0	0	**1,245**
Revaluations	1,245	(4,394)	(104)	0	0	0	0	0	**(3,253)**
Reclassifications	0	2,420	3	(6,956)	1,468	0	3,052	30	**17**
Transfers to/ from assets held for sale	0	0	0	0	0	0	0	0	**0**
Disposals / derecognition	0	0	0	0	(6,722)	(45)	(4,985)	(5)	**(11,757)**
Valuation/gross cost at 31 March 2021	**9,273**	**153,927**	**4,204**	**23,523**	**58,870**	**1,377**	**21,455**	**4,852**	**277,481**
Accumulated depreciation at 1 April 2020 - brought forward	**0**	**46**	**0**	**0**	**39,533**	**883**	**18,158**	**4,623**	**63,243**
Provided during the year	0	6,256	219	0	4,328	136	1,849	49	**12,837**
Revaluations	0	(6,267)	(219)	0	0	0	0	0	**(6,486)**
Disposals / derecognition	0	0	0	0	(6,445)	(45)	(4,949)	(5)	**(11,444)**
Accumulated depreciation at 31 March 2021	**0**	**35**	**0**	**0**	**37,416**	**974**	**15,058**	**4,667**	**58,150**
Net book value at 31 March 2021	**9,273**	**153,892**	**4,204**	**23,523**	**21,454**	**403**	**6,397**	**185**	**219,331**
Net book value at 31 March 2020	**7,708**	**149,528**	**4,255**	**10,500**	**21,127**	**533**	**3,762**	**181**	**197,594**

Note 16 Property, plant and equipment - Trust

Note 16.2 Property, plant and equipment - 2019/20

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 2019 - as previously stated	**7,708**	**145,307**	**4,228**	**7,667**	**56,718**	**1,431**	**20,839**	**4,794**	**248,692**
Additions	0	3,257	8	9,457	2,412	0	31	13	**15,178**
Impairments	0	(1,781)	0	0	(116)	0	0	0	**(1,897)**
Reversals of impairments	400	2,206	2	0	0	0	0	0	**2,608**
Revaluations	0	(1,735)	3	0	0	0	0	0	**(1,732)**
Reclassifications	0	2,320	14	(6,624)	2,655	0	1,681	1	**47**
Transfers to/ from assets held for sale	(400)	0	0	0	0	0	0	0	**(400)**
Disposals / derecognition	0	0	0	0	(1,009)	(15)	(631)	(4)	**(1,659)**
Valuation/gross cost at 31 March 2020	**7,708**	**149,574**	**4,255**	**10,500**	**60,660**	**1,416**	**21,920**	**4,804**	**260,837**
Accumulated depreciation at 1 April 2019 - as previously stated	**0**	**20**	**0**	**0**	**36,564**	**763**	**17,484**	**4,585**	**59,416**
Provided during the year	0	5,774	214	0	3,948	135	1,250	42	**11,363**
Revaluations	0	(5,748)	(214)	0	0	0	0	0	**(5,962)**
Disposals / derecognition	0	0	0	0	(979)	(15)	(576)	(4)	**(1,574)**
Accumulated depreciation at 31 March 2020	**0**	**46**	**0**	**0**	**39,533**	**883**	**18,158**	**4,623**	**63,243**
Net book value at 31 March 2020	**7,708**	**149,528**	**4,255**	**10,500**	**21,127**	**533**	**3,762**	**181**	**197,594**
Net book value at 31 March 2019	**7,708**	**145,287**	**4,228**	**7,667**	**20,154**	**668**	**3,355**	**209**	**189,276**

Note 16.3 Property, plant and equipment financing - 2020/21

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2021									
Owned - purchased	9,273	131,047	4,204	17,926	14,846	35	3,635	165	**181,131**
Finance leased	0	0	0	5,597	3,267	368	2,706	0	**11,938**
On-SoFP PFI contracts and other service concession arrangements	0	17,109	0	0	0	0	0	0	**17,109**
Owned - donated / granted	0	5,736	0	0	2,141	0	56	20	**7,953**
Owned - equipment donated from DHSC and NHSE for COVID response	0	0	0	0	1,200	0	0	0	**1,200**
NBV total at 31 March 2021	**9,273**	**153,892**	**4,204**	**23,523**	**21,454**	**403**	**6,397**	**185**	**219,331**

Note 16.4 Property, plant and equipment financing - 2019/20

Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020									
Owned - purchased	7,708	126,098	4,255	7,446	15,764	67	3,686	157	**165,181**
Finance leased	0	0	0	3,054	2,675	466	0	0	**6,195**
On-SoFP PFI contracts and other service concession arrangements	0	17,443	0	0	0	0	0	0	**17,443**
Owned - donated / granted	0	5,987	0	0	2,688	0	76	24	**8,775**
NBV total at 31 March 2020	**7,708**	**149,528**	**4,255**	**10,500**	**21,127**	**533**	**3,762**	**181**	**197,594**

Note 17 Donations of property, plant and equipment and intangibles (Group)

The Trust has benefitted from the receipt of Charitable Donations of Property, Plant and Equipment during 2020/21 £86k (2019/20 total of £774,000). No restrictions have been placed on the use of these Charitable Donations by the donors.

The categorisation of the Charitable additions was as follows: - Buildings excluding dwellings £0k (2019/20 £707,000), Plant Machinery £85k (2019/20 £67,000) and Information Technology £1k (2019/20 £0k).

During 2020/21 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 £1,238k. An assessment will be made by the Trust during 2021/22 to ensure that any of these items of equipment that are now surplus to the Trust's requirements are returned, the accounting for which will take place during 2021/22.

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 2020/21, 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 2021. 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 £2,150k (2019/20 £5,057k). Of this net increase, a net £1,083k has been charged (2019/20 £827k credited) to operating expenditure as an 'Impairment' and the balance of £3,233k (2019/20 £4,230k) has been credited to the revaluation reserve.

Note 19 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 2021.

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 subsidiary company reported a £108,000 post tax profit in the year ending 31st March 2021 (2019/20 £127,000). Its gross and net assets at 31st March 2021 were £2,186,000 (2019/20 £2,220,000) and £663,000 (2019/20 £831,000) 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	
	2020/21	2019/20
	£000	£000
Carrying value at 1 April - brought forward	**65**	**35**
Additions	0	30
Carrying value at 31 March	**65**	**65**

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 holds a 50% equity stake in the business. The principal purpose of the LLP is to develop, produce and market healthcare related educational videos. On the grounds of materiality the Trust has not consolidated the results of the LLP into these financial statements.

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 20 Inventories

	Group		Trust	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£000	£000	£000	£000
Drugs	2,319	2,255	1,668	1,647
Consumables	3,271	2,989	3,271	2,989
Energy	29	36	29	36
Other *	6,341	4,997	6,341	4,997
Total inventories	**11,960**	**10,277**	**11,309**	**9,669**
of which:				
Held at fair value less costs to sell	0	0	0	0

* Other Inventories includes £6,047k of stock manufactured by the Trust's Pharmacy Manufacturing Unit in readiness for sale as well as associated raw materials (2019/20 £4,613k).

Inventories recognised in expenses for the year were £45,204k (2019/20: £43,727k). Of the inventories recognised in expense £3,185k related to Consumables donated from DHSC group bodies (2019/20 £0k). Write-down of inventories recognised as expenses for the year totalled £210k (2019/20: £79k). Of the Write down of inventories recognised as expenses for the year £115k related to Consumables from DHSC group bodies (2019/20 £0k).

Note 21 Receivables

Note 21.1 Receivables total

	Note	Group 31 March 2021 £000	Group 31 March 2020 £000	Trust 31 March 2021 £000	Trust 31 March 2020 £000
Current					
Contract receivables (IFRS15) : invoiced *		11,105	17,783	11,105	17,783
Contract receivables (IFRS 15) : not yet invoiced / non-invoiced **		5,576	9,263	5,606	9,300
Allowance for impaired contract receivables / assets		(1,019)	(3,041)	(1,019)	(3,041)
Prepayments (non-PFI)		3,799	4,041	3,799	4,041
PDC dividend receivable		0	348	0	348
VAT receivable		1,040	758	834	566
Other receivables		50	731	50	731
Total current trade and other receivables		**20,551**	**29,883**	**20,375**	**29,728**
Non-current					
Contract receivables (IFRS 15) : not yet invoiced / non-invoiced * & **		558	665	558	665
Finance lease receivables	28.1	502	503	502	503
Clinician pension tax provision reimbursement funding from NHS England ***		915	749	915	749
Other receivables		0	0	411	447
Total non-current trade and other receivables		**1,975**	**1,917**	**2,386**	**2,364**
Of which receivables from NHS and DHSC group bodies:					
Current		4,874	11,157	4,874	11,157
Non-current		1,158	992	1,158	992

*** Contract receivables (IFRS15) : invoiced,** includes Adult Social Care Debt of £5,228,000 (2019/20 £4,416,000).

**** Contract receivables (IFRS15) : not yet invoiced / non invoiced.** includes NHS Injury Unit receivables £1,208,000 (2019/20 £1,315,000)

*** & **** The value of Contract receivables at 31st March 2021 in comparison with the position at 31st March 2020 has decreased substantially, primarily due to the nature of Block Contracts that have been place during the course of 2020/21, more details of which are disclosed in the Accounting Policy Note 1.5 to these financial statements - 'Revenue from Contracts with Customers'

***** 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 2019/20. Please refer to 'Provisions' - note 29 to these financial statements for further analysis.

Note 21 Trade receivables and other receivables

Note 21.2 Allowance for credit losses - 2020/21

	Group and Trust		
	Contract receivables and contract assets £000	All other receivables £000	Total £000
Allowances as at 1 April 2020	**3,041**	**0**	3,041
New allowances arising	664	0	664
Reversals of allowances	(67)	0	(67)
Utilisation of allowances (write offs)	(2,619)	0	(2,619)
Allowance at 31 March 2021	**1,019**	**0**	**1,019**
Loss recognised in expenditure	**597**	**0**	**597**

Note 21.3 Allowance for credit losses - 2019/20

	Group and Trust		
	Contract receivables and contract assets £000	All other receivables £000	Total £000
Allowances as at 1 April 2019	**1,268**	**0**	1,268
New allowances arising	2,693	0	2,693
Reversals of allowances	(364)	0	(364)
Amounts utilised	(556)	0	(556)
Allowance at 31 March 2020	**3,041**	**0**	**3,041**
Loss recognised in expenditure	**2,329**	**0**	**2,329**

Note 21.4 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 recently reviewed due to the impact that COVID-19 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 22 Non-current assets held for sale and assets in disposal groups

	Group and Trust	
	2020/21	2019/20
	£000	£000
NBV of non-current assets for sale and assets in disposal groups at 1 April	**687**	**613**
Assets classified as available for sale in the year	0	400
Assets sold in year	0	(303)
Impairment of assets held for sale	0	(23)
NBV of non-current assets for sale and assets in disposal groups at 31 March	**687**	**687**

During the course of the 2020/21 neither of the two assets being marketed for sale as at 31st March 2020 have been disposed of. One is a vacant property and the other is a surplus piece of land. During 2020/21 market conditions for the sale of these type of assets that require planning permission from the purchasers perspective have been difficult due to the impact of Covid 19. The Trust anticipates that the disposals will take place during the next twelve months. During 2019/20 one 'Available for Sale Asset' was disposed of.

Note 23 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	
	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000
At 1 April	**10,137**	**2,206**	**9,400**	**1,836**
Net change in year	35,308	7,931	35,812	7,564
At 31 March	**45,445**	**10,137**	**45,212**	**9,400**
Broken down into:				
Cash at commercial banks and in hand	255	781	22	44
Cash with the Government Banking Service	45,190	9,356	45,190	9,356
Total cash and cash equivalents as in SoFP and SoCF	**45,445**	**10,137**	**45,212**	**9,400**

During 2019/20 the Trust had a committed Working Capital Loan Facility totalling £11.0m in place with the Independent Trust Financing Facility (ITFF), the balance of which that had been drawn as at 31st March 2020 also totalled £11.0m. During 2020/21 this Working Capital Loan Facility was repaid in full by the Trust, the repayment of which was funded by the issue of £11.0m of Public Dividend Capital from the Department of Health and Social Care, further details of which are explained in note 27.3 to these accounts. The Trust no longer has access to the ITFF working capital facility as at 31st March 2021.

Note 24 Trade and other payables

	Group		Trust	
	31 March 2021 £000	31 March 2020 (restated) £000	31 March 2021 £000	31 March 2020 (restated **) £000
Current				
Trade and other payables	7,867	10,360	7,867	10,360
Capital payables	10,789	1,638	10,789	1,638
Accruals	32,485	18,676	32,487	19,168
Social security costs	5,783	5,156	5,783	5,156
Other taxes payable	43	56	0	0
PDC dividend payable	90	0	90	0
Other payables *	4,758	4,743	4,663	3,638
Total current trade and other payables	**61,815**	**40,629**	**61,679**	**39,960**
Of which payables to NHS and DHSC group bodies:				
Current	8,583	6,381	8,583	6,381

***** Other Payables includes £3,617,000 (2019/20 £3,412,000) outstanding pension contributions as at 31 March.

** The prior year value of Receipts in Advance has been restated and the £7,425,000 balance has been reclassified as Other Liabilities - Deferred income, following a review of guidance.

Note 25 Early retirements in NHS payables above

	Group and Trust			
	31 March 2021 £000	31 March 2020 £000	31 March 2021 Number	31 March 2020 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 2021 £000	31 March 2020 (restated *) £000
Current		
Deferred income : contract liabilities	7,795	8,260
Total other current liabilities	**7,795**	**8,260**

* Deferred income consists of income which has been received but where the relevant performance obligations have not yet been satisfied. The prior year value has been restated upwards by £7,425,000 in respect of the balance previously classified as Trade and Other Payables - Receipts in Advance.

Note 27 Borrowings

		Group and Trust	
	Note	31 March 2021 £000	31 March 2020 £000
Current			
Loans from DHSC	27.3	4,991	35,911
Obligations under finance leases	28.2	2,078	1,063
Obligations under PFI or other service concession contracts (excl. lifecycle)	34.1	1,166	854
Total current borrowings		**8,235**	**37,828**
Non-current			
Loans from DHSC	27.3	29,076	43,331
Obligations under finance leases	28.2	9,747	5,023
Obligations under PFI or other service concession contracts	34.1	16,600	17,766
Total non-current borrowings		**55,423**	**66,120**

Note 27 Borrowings - continued

Note 27.1 Borrowings - Reconciliation of liabilities arising from financing activities 2020/21 (Group & Trust)

	Total from financing activities £000	DHSC loans £000	Finance Leases £000	PFI obligations £000
Carrying value at 1 April 2020	103,948	79,242	6,086	18,620
Cash movements:				
Financing cash flows - payments and receipt of principal *	(47,174)	(45,086)	(1,234)	(854)
Financing cash flows - payments of interest - excludes contingent rent	(2,395)	(1,033)	(201)	(1,161)
Non-cash movements:				
Additions	6,963		6,963	0
Application of effective interest rate	2,316	944	211	1,161
Carrying value at 31 March 2021	**63,658**	**34,067**	**11,825**	**17,766**

* - Additions for DHSC cash flows are netted off within 'Financing cash flows principal'

Note 27.2 Borrowings - Reconciliation of liabilities arising from financing activities 2019/20 (Group & Trust)

	Total from financing activities £000	DHSC loans £000	Finance Leases £000	PFI obligations £000
Carrying value at 1 April 2019	89,440	67,872	2,055	19,513
Cash movements:				
Financing cash flows - payments and receipt of principal *	10,023	11,326	(410)	(893)
Financing cash flows - payments of interest - excludes contingent rent	(3,072)	(1,753)	(89)	(1,230)
Non-cash movements:				
Additions	4,447		4,447	0
Application of effective interest rate	3,110	1,797	83	1,230
Carrying value at 31 March 2020	**103,948**	**79,242**	**6,086**	**18,620**

* - 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 2021	Interest Rate	Interest outstanding at 31st March 2021 and repayable within one year	Loan principal due within one year	Total current liability as at 31st March 2021	Loan principal repayments due after more than one year at 31 March 2021	Duration of Loan	Date of final loan repayment	Total outstanding at 31 March 2020
	£000	%	£000	£000	£000	£000	Years	£000	£000
Loans for Capital Developments									
Backlog Maintenance 2011/12	5,464	3.41%	54	540	594	4,870	20	Dec 2030	6,009
Backlog Maintenance 2012/13	5,815	1.90%	4	528	532	5,283	20	Mar 2032	6,343
Pharmacy Manufacturing Freehold	5,143	2.99%	6	411	417	4,726	20	Sep 2033	5,554
Pharmacy Manufacturing Fit-out	2,841	3.14%	4	1,887	1,891	950	12	Sep 2022	4,730
Critical Care Unit and Hospital Front Entrance	9,959	2.34%	84	706	790	9,169	20	Nov 2034	10,673
Linear Accelerator Bunker and associated enabling works	2,652	2.34%	22	188	210	2,442	20	Nov 2034	2,842
Replacement Linear Accelerator	1,332	1.66%	8	331	339	993	10	Feb 2024	1,665
Car Parking Facilities	861	1.66%	4	214	218	643	10	Nov 2024	1,077
Interim loan for Theatre Ventilation works *	0	0.78%	0	0	0	0	1	Sept 2020	3,001
Sub-total; Capital loans	**34,067**		**186**	**4,805**	**4,991**	**29,076**			**41,894**
Other Loans									
Working Capital Facility *	0	1.47%	0	0	0	0	10	Sep 2025	11,556
Revolving Working Capital Facility *	0	3.50%	0	0	0	0	5	Sept 2020	11,000
Interim Revenue Facilities *	0	3.50%	0	0	0	0	1	Sep 2020	14,792
Sub-total; Other loans	**0**		**0**	**0**	**0**	**0**			**37,348**
Total	**34,067**		**186**	**4,805**	**4,991**	**29,076**			**79,242**

	31 March 2021			31 March 2020
	Total	Interest	Principal	Total
	£000	£000	£000	£000
of which payable within: -				
- not later than one year;	**4,991**	**186**	**4,805**	**35,911**
- later than one year and not later than five years;	**19,220**	**0**	**19,220**	**27,616**
- later than five years.	**9,856**	**0**	**9,856**	**15,715**

* During 2020/21 the Department of Health wrote off a substantial value of NHS Provider debt. This included converting Interim capital loans, Interim Revenue loans, Working Capital facilities and Revolving Working Capital facility loans to Public Dividend Capital (PDC). Interest due on these loans was also frozen at 31st March 2021, the sum of which for this Trust amounted to £68k. The principal outstanding on these loans as at 31st March 2020 totalled £40,281k. PDC to this same value was received during September 2020 and the loans repaid in full. The value of the outstanding interest £68k was also repaid during 2020/21.

Note 28 Finance leases

Note 28.1 Finance Lease as a lessor

Future lease receipts due under finance lease agreements where the trust is the lessor:

	Group and Trust	
	31 March 2021 £000	31 March 2020 £000
Gross lease receivables	**2,777**	**2,837**
of which those receivable:		
- not later than one year;	59	59
- later than one year and not later than five years;	238	238
- later than five years.	2,480	2,540
Unearned interest income	(2,275)	(2,334)
Net lease receivables	**502**	**503**
of which those receivable:		
- not later than one year;	0	0
- later than one year and not later than five years;	2	2
- later than five years.	500	501
The unguaranteed residual value accruing to the lessor	0	0
Contingent rents recognised as income in the period	0	0

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 28.2 Finance Lease as a lessee

Obligations under finance leases where the trust is the lessee.

	Group and Trust	
	31 March 2021 £000	31 March 2020 £000
Gross lease liabilities	**12,885**	**6,641**
of which liabilities are due:		
- not later than one year;	2,428	1,253
- later than one year and not later than five years;	8,594	4,682
- later than five years.	1,863	706
Finance charges allocated to future periods	(1,060)	(555)
Net lease liabilities	**11,825**	**6,086**
of which payable:		
- not later than one year;	2,078	1,063
- later than one year and not later than five years;	7,925	4,332
- later than five years.	1,822	691
Total of future minimum sublease payments to be received at the reporting date	**0**	**0**
Contingent rent recognised as an expense in the period	0	0

The finance lease repayables' relate to the lease of vehicles (including the Trust's Patient Trust Ambulance fleet), IT equipment and medical equipment.

Note 29 Provisions

	Group and Trust				
Group and Trust	Pensions : early departure costs	Pensions : Injury benefits	Legal claims	Clinician Pension Tax reimbursement	Total
	£000	£000	£000	£000	£000
At 1 April 2020	**1,031**	**3,809**	**203**	**749**	**5,792**
Change in the discount rate	17	178	0	0	**195**
Arising during the year	58	738	86	166	**1,048**
Utilised during the year	(111)	(225)	(67)	0	**(403)**
Reversed unused	(31)	0	(41)	0	**(72)**
Unwinding of discount	(10)	(36)	0	0	**(46)**
At 31 March 2021	**954**	**4,464**	**181**	**915**	**6,514**
Expected timing of cash flows:					
- not later than one year;	**83**	**119**	**181**	**0**	**383**
- later than one year and not later than five years;	**452**	**651**	**0**	**0**	**1,103**
- later than five years.	**419**	**3,694**	**0**	**915**	**5,028**
- Sub-total; more than one year	**871**	**4,345**	**0**	**915**	**6,131**
Total	**954**	**4,464**	**181**	**915**	**6,514**

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 2021. 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 this tax year (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. Therefore the estimated liability has been calculated in line with Department of Health guidelines. The Trust's liability to these costs have been underwritten by NHS England and therefore a corresponding Receivable has been included in note 21 to these financial statements

Note 30 Clinical negligence liabilities

At 31 March 2021, £93,668k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Torbay and South Devon NHS Foundation Trust (31 March 2020: £74,576k).

Note 31 Contingent assets and (liabilities)

	Group and Trust	
	31 March 2021 £000	31 March 2020 £000
Value of contingent (liabilities)		
NHS Resolution legal claims	(80)	(118)
Employment tribunal and other related litigation	0	(416)
Other	(1,567)	(1,677)
Gross value of contingent (liabilities)	**(1,647)**	**(2,211)**
Amounts recoverable against liabilities	0	0
Net value of contingent (liabilities)	**(1,647)**	**(2,211)**
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 £80,000 (2019/20 £118,000).

Employment tribunal and other related litigation

At 31st March 2020 the Trust included a contingent liability in respect of the legal case 'Flowers and others v East of England Ambulance Trust [2019] EWCA Civ947'. The Court of Appeal ruled that under section 13.9 of the Agenda for Change contract, employees are entitled to have non-guaranteed and voluntary overtime taken into account when calculating holiday pay. At 31st March 2020 the East of England Ambulance Trust had applied for permission to appeal to the Supreme Court against the ruling. During 2020/21 the case was settled in the favour of the employees. The Trust has now been advised by the Department of Health and Social Security to accrue for the expected liability it faces as at 31st March 2021. Therefore at 31st March 2021 an accrual has been made and a contingent liability disclosure is no longer required.

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 31 March 2021 the potential liability would be £1.6m (2019/20 £1.7m). 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 2021 £000	31 March 2020 £000
Property, plant and equipment	8,519	2,796
Intangible assets	44	49
Total	**8,563**	**2,845**

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 2021 £000	31 March 2020 Restated * £000	31 March 2021 £000	31 March 2020 Restated * £000
not later than 1 year	10,528	7,160	10,462	7,094
after 1 year and not later than 5 years	0	0	0	0
paid thereafter	0	0	0	0
Total	**10,528**	**7,160**	**10,462**	**7,094**

***** The comparative data has been restated to incorporate £2,188k of commitments that were not captured and reported within the 2019/20 Financial Statements

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 £448,000 at 31st March 2021 (31st March 2020 £494,000)

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 £241,00 was payable each year subject to indexation based upon RPI.

For the twelve month period 2020-21 that the Trust operated the scheme the unitary payment was £1,131,000 (2019-20 £1,092,000)

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.

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 2020-21 the unitary payment was £2,913,000 (2019-20 £2,842,000). Newton Abbot Hospital has a value of £16,661,000 at 31st March 2021 (31st March 2020 £16,949,000).

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 2021			31 March 2020
	Dawlish	Newton Abbot	Total	Total
	£000	£000	£000	£000
Gross PFI, LIFT or other service concession liabilities	**2,192**	**25,843**	**28,035**	**30,051**
Of which liabilities are due				
- not later than one year;	697	1,560	2,257	2,015
- later than one year and not later than five years;	1,495	5,570	7,065	7,829
- later than five years.	0	18,713	18,713	20,207
Finance charges allocated to future periods	(419)	(9,850)	(10,269)	(11,431)
Net PFI, LIFT or other service concession arrangement obligation	**1,773**	**15,993**	**17,766**	**18,620**
- not later than one year;	502	664	1,166	854
- later than one year and not later than five years;	1,271	2,343	3,614	4,055
- later than five years.	0	12,986	12,986	13,711

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 2021			31 March 2020
	Dawlish	Newton Abbot	Total	Total
	£000	£000	£000	£000
Total future payments committed in respect of the PFI service concession arrangements	3,878	64,801	68,679	73,477
Of which liabilities are due:				
- not later than one year;	1,204	2,952	4,156	4,059
- later than one year and not later than five years;	2,674	12,564	15,238	16,266
- later than five years.	0	49,285	49,285	53,152

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. Assumptions made are that RPI and RPIX annual inflation will increase by 2.5% per annum.

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 2021			31 March 2020
	Dawlish	Newton Abbot	Total	Total
	£000	£000	£000	£000
Unitary payment payable to service concession operator				
Consisting of:				
- Interest charge	240	921	1,161	1,230
- Repayment of finance lease liability	415	439	854	893
- Service element and other charges to operating expenditure	387	696	1,083	698
- Capital lifecycle maintenance	0	100	100	267
- Revenue lifecycle maintenance	89	202	291	286
- Contingent rent	0	555	555	560
Total Unitary payment	**1,131**	**2,913**	**4,044**	**3,934**
Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment	0	30	30	0
Total amount paid to service concession operator	**1,131**	**2,943**	**4,074**	**3,934**

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 21, 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 2021		Group 31 March 2020	
	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)	16,772	16,772	25,904	25,904
Other investments / financial assets	752	752	752	752
Cash and cash equivalents	45,445	45,445	10,137	10,137
Total	**62,969**	**62,969**	**36,793**	**36,793**

	Trust 31 March 2021		Trust 31 March 2020	
	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)	17,213	17,213	26,389	26,389
Other investments / financial assets	752	752	752	752
Cash and cash equivalents	45,212	45,212	9,400	9,400
Total	**63,177**	**63,177**	**36,541**	**36,541**

Note 35.3 Carrying values of financial liabilities

	Group		Trust	
	Held at amortised cost		Held at amortised cost	
Other financial liabilities	31st March 2021 £000	31st March 2020 (restated) £000	31st March 2021 £000	31st March 2020 (restated) £000
Liabilities as per SoFP				
Loans from the Department of Health and Social Care	34,067	79,242	34,067	79,242
Obligations under finance leases	11,825	6,086	11,825	6,086
Obligations under PFI, LIFT and other service concession contracts	17,766	18,620	17,766	18,620
Trade and other payables excluding non financial liabilities	51,889	29,920	51,982	29,307
Total	**115,547**	**133,868**	**115,640**	**133,255**

The prior year comparatives have been restated to exclude £203k of provisions and £2,085k of Annual Leave accrual which are non-contractual

Note 35.4 Maturity of financial liabilities

	Group		Trust	
	31st March 2021 £000	31 March 2020 (restated) £000	31st March 2021 £000	31 March 2020 (restated) £000
In one year or less	62,400	70,064	62,307	69,451
In more than two years but not more than five years	30,085	38,124	30,085	38,124
In more than five years	39,290	43,529	39,290	43,529
Total	**131,775**	**151,717**	**131,682**	**151,104**

The prior year comparatives have been restated to exclude £203k of provisions and £2,085k of Annual Leave accrual which are non-contractual
In accordance with IFRS 7, the prior year comparatives have been restated on the basis of undiscounted future contractual cashflows.

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	2020/21 Total number of cases Number	2020/21 Total value of cases £000	2019/20 Total number of cases Number	2019/20 Total value of cases £000
Losses				
Cash losses	5	6	7	2
Fruitless payments	0	0	0	0
Bad debts and claims abandoned *	166	2,424	128	322
Stores losses and damage to property	9	16	0	0
Total losses	**180**	**2,446**	**135**	**324**
Special payments				
Ex-gratia payments	16	8	19	3
Total special payments	**16**	**8**	**19**	**3**
Total losses and special payments	**196**	**2,454**	**154**	**327**
Compensation payments received		0		0

* Included with Bad debts and claims abandoned in 2020/21 is a sum of £2,212k relating to an income assumption made in previous years that remained unpaid at 31st March 2020. After reviewing the supporting documentation and discussing the position with one of the Trust's commissioner of services, the Trust concluded that the debt should be written off. A full provision for this bad debt was made at 31st March 2020 and therefore the net impact upon the Trust's Statement of Comprehensive Income result in 2020/21 was £0k (2019/20 charge of £2,212k).

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 2020/21 and 2019/20 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		Receivables	
	2020/21 £000	2019/20 £000	31 March 2021 £000	31 March 2020 £000
Age UK Torbay	0	1	0	0
South Devon College	0	126	0	260
	0	**127**	**0**	**260**

	Expenditure		Payables	
	2020/21 £000	2019/20 £000	31 March 2021 £000	31 March 2020 £000
Age UK Torbay	146	192	0	0
Ogwell Grange Ltd	0	23	0	0
South Devon College	0	7	0	0
	146	**222**	**0**	**0**

Note 37 Related parties (continued)

Note 37.2 Non-consolidated Associates & Joint Ventures (Group and Trust)

	Income		Receivables	
	2020/21	2019/20	31 March 2021	31 March 2020
	£000	£000	£000	£000
Health and Care Innovations LLP	37	3	88	71
SDH Innovations Partnership LLP	4	0	0	0
	41	**3**	**88**	**71**

	Expenditure		Payables	
	2020/21	2019/20	31 March 2021	31 March 2020
	£000	£000	£000	£000
Health and Care Innovations LLP	373	277	228	67
SDH Innovations Partnership LLP	124	173	30	30
	497	**450**	**258**	**97**

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 £981,000 (2019/20: £1,272,000) and capital of £86,000 (2019/20: £85,000) from the charity. During the year, the Trust waived its right to receive £400,000 of grant funding due from the charity. The charity had reserves of £1,909,000 as at 31st March 2021 and recorded an increase in funds of £798,000 during the year ended 31st March 2021. The balance of receivable due from the charity at 31st March 2021 was £76,000 (31st March 2020 £813,000).

Note 37.4 Consolidated Subsidiary (Trust)

	Income		Receivables	
	2020/21	2019/20	31 March 2021	31 March 2020
	£000	£000	£000	£000
SDH Developments Ltd	496	464	449	492
	496	**464**	**449**	**492**

	Expenditure		Payables	
	2020/21	2019/20	31 March 2021	31 March 2020
	£000	£000	£000	£000
SDH Developments Ltd	10,324	9,553	938	502
	10,324	**9,553**	**938**	**502**

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 CCG	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 and Exeter NHS Foundation Trust)	
University Hospitals Plymouth NHS Trust)	
NHS Pension Scheme	Provision of post employment benefits to Staff and Directors of the Trust