

SOMERSET NHS FOUNDATION TRUST CHARITABLE FUNDS*

Registered Charity Number: 1059922

**TRUSTEE'S ANNUAL REPORT
And FINANCIAL STATEMENTS
For the reporting period ended 31 March 2021**

***Formerly Taunton & Somerset NHS Foundation Trust General Charitable Funds**

Name Changed by Supplementary Deed 01 April 2020

Somerset NHS Foundation Trust Charitable Funds
Trustee's Annual Report and Accounts 2020/21



Contents

	Page(s)
Trustee's Annual Report and Financial Statements 2020/21	
Chairman's Introduction	2
Our Objectives and Activities	3
Highlights from the activities undertaken in the year	3-8
Our Achievements and Performance	8-9
Fundraising practice, Fundraising performance	10
Our plans for future periods	14
Financial Review	14-15
Reference and Administrative Details	16
Structure, Governance and Management	16-19
Statement of Trustee's Responsibilities	20
Independent Auditors' Report	21-22
Statement of Financial Activities	23
Balance Sheet	24
Statement of Cash Flows	25
Notes to the Financial Statements	26-35

Somerset NHS Foundation Trust Charitable Funds

Chairman's Introduction

Welcome to the 2020/21 Report and Accounts. Our Charity has the Somerset NHS Foundation Trust as its Corporate Trustee and although we employ the name with which you will be familiar, *Love Musgrove*, our work for the benefit of NHS patients and their families now covers all of the services and locations of the merged Trust that, in addition to the hospital services at Musgrove Park, provide mental health and Learning disabilities as well as community health services across the County.

2020/21 has been a year like no other as Covid 19 affected all of our plans for the year and changed our focus completely. We received grants from the NHS Charities Together Urgent Appeal and launched our local Covid 19 response fund. Here we worked with the local community, local benefactors, businesses, patients, relatives and carers who have truly rallied behind us and our NHS colleagues including donating £292,000 of gifts in kind that went such a long way towards improving the welfare and morale of our colleagues, patients and relatives in some dark days.

Key Highlights of our year:

- Grants of £203,600 from NHS Charities together
- A grant of £250,000 from the Barclays Foundation Covid 19 Community Aid package that will be used to tackle shortfalls in the use of Digital technology
- A total of £846,355 spent on patient and colleague welfare

Details of some of the projects we supported in 2020/21 are included in this report.

Looking Ahead to 2021/22

In the year ahead, subject to continued progress on getting the pandemic under control, we look forward to being able to picking up some of our more traditional fundraising activities alongside all who have supported our frontline colleagues so marvellously in a year that has been unlike any other. Heartfelt thanks to you all.



Barbara Gregory

Chair of the Charitable Funds Committee
on behalf of the Corporate Trustee

Somerset NHS Foundation Trust Charitable Funds

Somerset NHS Foundation Trust Charitable Funds

Trustee's Annual Report and Financial Statements 2020/21

Who We Are

Somerset NHS Foundation Trust Charitable Funds, (*Love Musgrove*), is a registered charity (registration number 1059922). We were formerly the Taunton and Somerset NHS Foundation Trust General Charitable Funds. The name changed by Supplementary Deed on 1st April 2020. We exist to raise funds and receive donations for the benefit of the patients of Musgrove Park Hospital, 13 Community Hospitals and other community services and the mental health and learning disabilities services in Somerset. By securing donations and legacies, *Love Musgrove* can provide the icing on the cake to make a real difference for the patients, their families and the colleagues who look after them.

Our Objectives and Activities

Our Mission

By raising new money and careful management of our existing funds, *Love Musgrove* provides a public benefit by making grants to the NHS organisation it works with in order; ***'To fund provisions above and beyond what the NHS can offer, ensuring our patients get treated more quickly and comfortably.'***

Grants are made in accordance with charity law, our constitution and the wishes and directions of donors. During the year 2020/21, grants totalling £1,056,289 were made, (see note 6).

When considering where to focus our attention the members of the charitable funds committee have regard to the Charity Commission's guidance on public benefit and what this means for *Love Musgrove*.

Our future plans are to continue to develop our level of fundraising to achieve an annual target of £1,500,000 a year which will help us work with our NHS partner to transform the patient experience in our community.

Highlights from the activities undertaken in the year.

The key aim of *Love Musgrove* is to serve the NHS patients of its related constituent bodies for the public benefit. By funding equipment, services and research we are able to assist the NHS bodies we work with to provide care to their patients which goes beyond that which they are funded to provide. We put this aim into practice by assisting the patients their families and visitors to the services by;

- Providing any equipment or activity to improve the support of colleagues and patients and their families and friends by creating a comfortable and engaging environment.
- Research into causes of sickness and disability and the prevention, treatment, cures and defeat of sickness and disability in all its forms.
- Making available medical education for colleagues to enhance the patient experience.

We do this through a range of methods funded by you, our generous donors. Over £20,000 in donations has been received for good care by colleagues across the Trust. Highlights from the main programmes undertaken this year are detailed in the Activities highlights, overleaf, to give you a wider appreciation of the difference that we have made together.

Somerset NHS Foundation Trust Charitable Funds

Activities highlights (cont'd)

1. Clinical Supervision Pilot

This project commenced in April 2019 within the Clinical Support & Specialist Services Directorate to improve the wellbeing of all colleagues and to make it a vibrant place to work and reduce sickness. The project is due to be completed in April 2021.

The Charitable Fund for the Beacon Centre has been contributing towards a clinical supervisor since August 2019 and a B5 Counsellor from September 2019.

Colleagues care for patients at different stages in their life and health journey, displaying and sharing a wide range of emotions, whether that's happiness, sadness, loneliness, anticipation or fear. This is manageable when everything is well balanced, but when that balance shifts due to a complex patient cohort or challenges in personal circumstances this working environment can be too much for that individual to manage alone. Clinical Supervision, (CS), is a way of creating an environment where every colleague has the opportunity to share the challenges that they face in a safe and supportive environment, with trained individuals who are able to help guide them back to that balanced position.

Supervision can take many forms, for example managerial supervision, service supervision, and caseload management. All forms of supervision are invaluable to maintain a high performing team. Clinical supervision will look at the individual holistically and support them to ensure we provide the best care we can.

Clinical Supervision can be:

- Educational. It allows for colleagues to use supervision as a soundboard for clinical practice
- Administrative. This will be vital for revalidation
- Supportive. Colleagues feel nurtured and supported by the trust
- Normative. It adopts the values of the trust and shows supervision to be a normal process
- Formative. It helps form teams and build good working relationships
- Restorative. It can help restore values, morale and wellbeing

Clinical supervision has a number of benefits for colleagues: It can help colleagues to manage the personal and professional demands created by the nature of their work. This is particularly important for those who work with people who have complex and challenging needs.

A team of five supervisors across the Trust have been involved in the project from the Hope Counselling Service including colleagues seconded from other departments.

Between November 2019 and May 2020 a total of 254 clinical supervisions took place across a variety of areas with the top three areas using Clinical Supervision:

- 1.) CNS (Clinical Nurse Specialist) (75 supervision sessions)
- 2.) Radiotherapy (58 Supervision sessions)
- 3.) Management & Oncology Consultants (Both 15 supervision sessions)

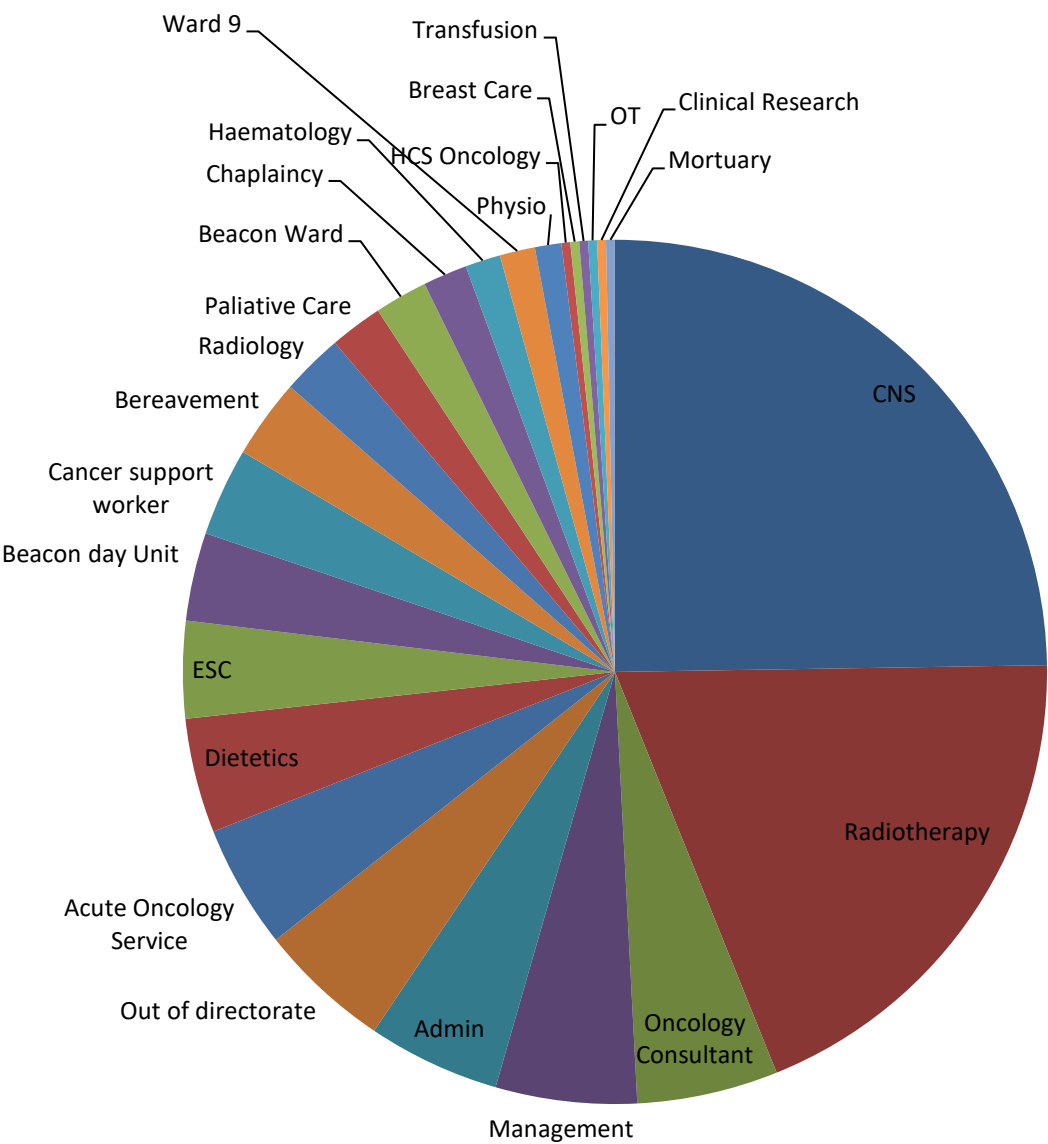
As a result of the project, the Directorate was able to achieve sickness levels consistently below national average, a vacancy rate that dropped from 6.6% to 2.5%, pulse check response rates that improved from 31% to 71% and an NHS staff survey where the Directorate was in the top decile in three of the eight domains.

Both Ward Sisters and staff have found the project of immense benefit:

"As a ward we have used CS in several ways. We have used it for group supervision for senior nurses to explore each other's strengths and the challenges which they encounter either with the patients or the coordination of the ward. The aim is to understand each other decision making and the way each individual works, which in turn could reduce friction amongst them.

Activities highlights (cont'd)

Supervisions by Service area/Department within Directorate
(Nov 2019 - May 2020)



Overall, which ever CS is used, it has helped the team and an individual deal with some challenging situations and is a real asset to be able to offer this service to all the staff. This is especially important at present with the increased anxiety amongst staff about their own health and wellbeing and their own priorities in life. It has helped keep staff grounded and be able to continue to work." *Gail Rawbone, Ward sister of the Hematology Ward 9.*

"As a ward manager I have found these sessions particularly helpful in supporting staff in a timely manner, clinical supervision enables & facilitates staff in debriefing and processing what has happened. I have seen how these timely sessions not only provide support for staff and the team but also help the staff develop resilience

Activities highlights (cont'd)

at work which in turn has a positive impact on the provision of patient care." *Sharon Sussex, Ward sister of the Beacon Ward.*

Feedback from supervisees includes:

"I have in the past had supervision that has left me feeling that I haven't done my best or should've known something that I didn't. My current experience of supervision is completely different, my supervisor is very holistic and my experience of supervision is much more positive and enriching".

"Not sure what I'd do without it?" "Has been there when my bucket gets too full". "Helped me discuss patient and colleague related problems".

"I have found it to be a helpful session in order to develop my professional skills and ability. I have also found it has improved my anxiety and stress levels, which also impacts on professional and personal aspects. My supervisor is knowledgeable and honest. Providing expert support but also allowing self-responsibility and management in a deft manner".

"I have found it to be a helpful session in order to develop my professional skills and ability. I have also found it has improved my anxiety and stress levels, which also impacts on professional and personal aspects. My supervisor is knowledgeable and honest. Providing expert support but also allowing self-responsibility and management in a deft manner".

2. Simulation Manikins

Simulation is a really powerful education tool and is also an excellent way to test systems, processes and the impact of human factor and latent errors in clinical practice. Two high fidelity simulation manikins were purchased from a legacy left to Paediatrics to help health care professionals engage with simulation better and enable a fuller simulation experience. Since acquiring the Laerdal neonate and infant manikins, many simulations have been run in different clinical areas such as helping with the transfer of children from Acorn to Oak Ward on ventilators; providing a realistic experience and to test processes and change pathways of treatment. This process was videoed to help with training (pictured above).

The manikins have had a great impact on the training of colleagues within the Emergency Department, Anaesthetic Department as well as Paediatrics.

3. Ward 9 Bathroom Refurbishment

Three bathrooms within Ward 9 have been completely refurbished to make them more suitable for the needs of isolated immunocompromised patients. The plumbing was lowered to eliminate the step from the shower which has resulted in colleagues finding it easier to care for patients in the larger wet rooms as they are not constrained with steps. The tiles were replaced with wall cladding which means the bathrooms can be easily cleaned and maintained to reduce infection control issues with mould, alongside replacing the fabric shower curtains with glass screens to minimise flooding.



Somerset NHS Foundation Trust Charitable Funds

Activities highlights (cont'd)

4. Maternity Appeal

We were thrilled to complete our #MusgroveBabies Appeal, raising £100,000 for the Musgrove Maternity Unit to make significant improvements for families having new babies in Taunton. The changes, some of which have already been implemented, include:



- Building and equipping two brand new dedicated recovery bays, a two-bedded bay and a single bay to provide enhanced care and improve patient flow
- Creating a new central reception area providing a modern, welcoming and comforting environment
- Upgrading the Antenatal Clinic to provide additional scanning facilities
- Provision of new equipment throughout the Maternity Unit to improve the environment:
 - £24,000 for 3 monitors which observe women's vital signs
 - £10,000 for a CTG machine which records the foetal heart on pregnant women
 - £24,400 for 20 recliner chairs that will enable partners to stay overnight
 - £1,500 for 3 hand held Doppler machines to detect the foetal heartbeat for prenatal care
 - £9,600 for 14 Medicare bedside cots



Somerset NHS Foundation Trust Charitable Funds

Fundraising Practices & Performance (cont'd)

Many fundraisers helped us to reach the target including Monty (pictured right), our youngest supporter and a pupil of Taunton School, who warmed everybody's hearts as he took on Monty's Mini Triathlon. This was his very own version of a triathlon; starting with a 100m open water swim, followed by a 1km cycle and finishing with a 500m run. Monty had a personal reason for supporting this Appeal, as both he and his brother have received significant care from colleagues at Musgrove since they were born with health conditions.



Our Achievements & Performance

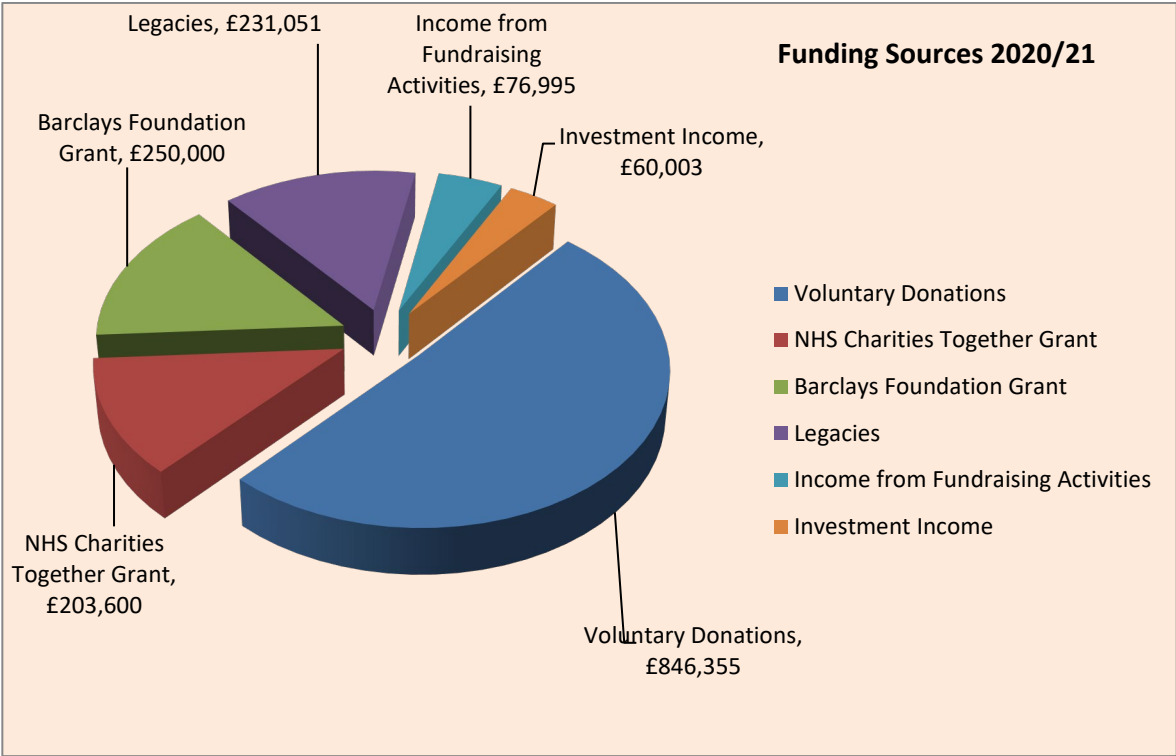
The following figures are taken from the full accounts, approved on 20 May 2021, which carry an unqualified audit report. This part of the trustee's annual report comments on the key features of those accounts. Firstly we explain how we raised the money and then how we spent it.

Money Received - £1,668,004. Money Spent - £1,122,938.

Money Received; Sources of Funds

Voluntary Donations (£846,355) ~ the pie chart shows our main sources of income. The largest by far, almost two-thirds of total income, is termed voluntary donations and represents gifts and donations from the public, by local companies and by groups and associations.

- Gifts from the public and local groups, (£430,021) ~ these range from a few pence in a collection tin to several hundred pounds from grateful relatives. We are fortunate to receive thousands of such gifts each year.



Somerset NHS Foundation Trust General Charitable Funds

Our Achievements & Performance (cont'd)

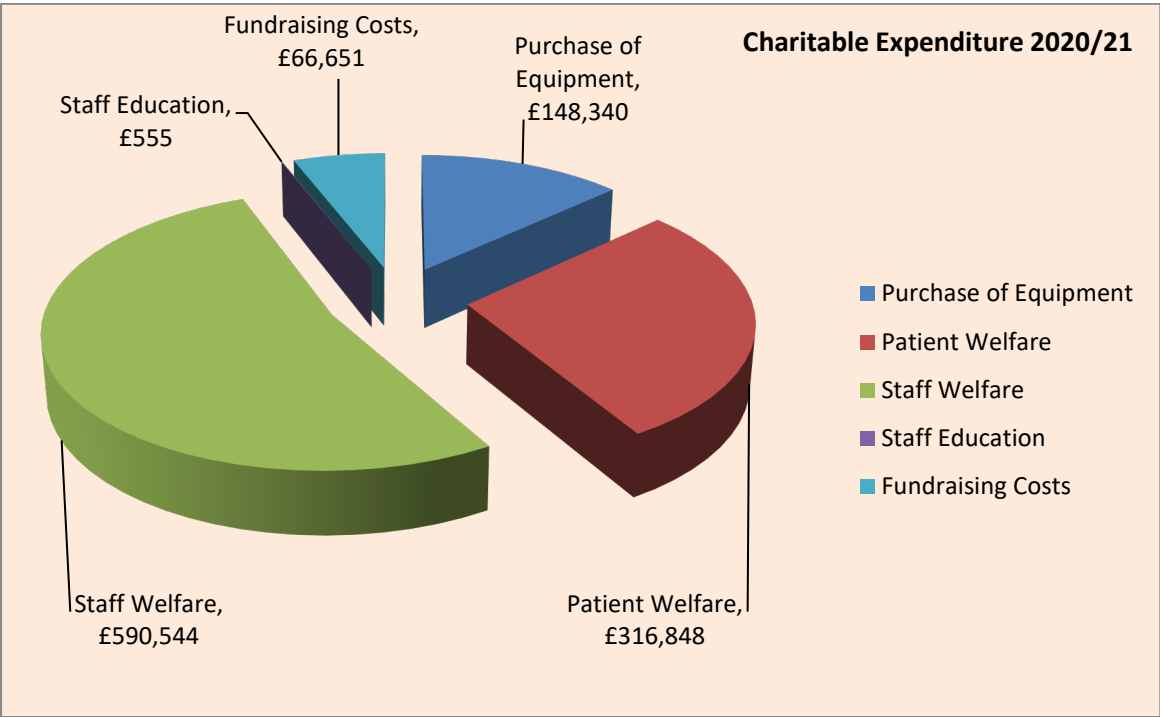
- Corporate Donations, (£17,051) ~ *Love Musgrove* is grateful to the companies and local businesses that have donated over the year and to their employees who have given their time and money to maximise the corporate support we receive.
- Gifts in Memory, (£107,635) ~ collections in memory of a loved one are particularly generous and we are fortunate to be remembered by so many people each year.
- Gifts in Kind, (£291,648) ~ the amount of items gifted by personal and corporate entities received in the financial year.

Legacies, (£231,051) ~ we have been most fortunate to benefit from several legacies in the calendar year, details of which may be found in the Notes to the Accounts.

Income from Fundraising Activities (£76,995) the Art for Life project generated £2,190 from its activities. A Lottery run exclusively for colleagues generates a welcome sum each year, (£74,114).

Investment Income (£60,003) prudent management of funds not immediately required for use earned interest of £486 and dividends of £59,516.

Money Spent; what we spent the money on



The chart shows the areas of spend for the Charity in this financial year, (£1,122,938). The Charitable activities are split into four distinct areas:

- Purchase of Equipment (£148,340). We can increase efficiencies by ensuring colleagues have sufficient quantities of modern equipment to hand when required.

Somerset NHS Foundation Trust General Charitable Funds

Our Achievements & Performance (cont'd)

- Patient Welfare and Amenities (£316,848). A broad area of activity encompassing many things from remedial building work to patient toiletries. The figure is boosted this year thanks to the generosity of the general public and the wider community
- Staff Welfare & Amenities (£590,544). The NHS Charities Together Grant and donations from the public enabled many examples of improvement to colleague well-being.
- Staff Education & Training (£555). Expenditure on Staff Education was severely curtailed due to the Covid-19 pandemic. Many courses, already paid for, were cancelled or postponed resulting in many refunds coming back to the Charity leaving the activity in credit for a large part of the year.

Fundraising Costs of £66,651 complete the Expenditure for the year.

Our Fundraising practices & Fundraising performance

Love Musgrove is registered with the Fundraising Regulator and complies with all the relevant standards set out in the Code of Fundraising Practice. Since May 2016, we have engaged the services of Compton Fundraising Consultants Ltd, (Compton), to carry out our fundraising operations in a competent and professional manner. They are also signed up to the Fundraising Regulators Code of Fundraising Practice. There have been no complaints about fundraising activity this year.

Policies and procedures have been implemented as a set of guiding principles:

- Complaints Policy - a clear process for anyone to follow who wishes to make a complaint and how complaints will be handled and resolved.
- Vulnerable People and Fundraising Policy - outlining specific guidelines around different types of fundraising and what action will be taken if it is suspected someone may/might be vulnerable.
- Privacy Policy - in line with GDPR, a Privacy Policy has been created outlining the way in which personal data is used and ensuring we communicate with our supporters in the manner they prefer, and respect their privacy and communication preferences. We do not sell data.
- Supporter promise - outlining our promise; showing we are committed to fundraising in an honest and transparent way.
- Gift handling policy - a comprehensive guide on best practice regarding the handling of donations and acceptance of gifts.
- Stewardship - a clear programme of welcoming, thanking (including Gift Aid and GDPR compliant in the collection of data) and ensuring each supporter has a positive experience, receiving the right communication at the right time.

Direct marketing

All direct marketing is undertaken by the Fundraising Team to ensure that it is not unreasonably intrusive or persistent. A direct mail schedule is used to outline communication to each supporter group throughout the year. All marketing materials contain clear instructions on how a person can be removed from mailing lists.

Fundraising undertaken by others

The Fundraising Team organise fundraising events and co-ordinate the activities of our supporters both in Musgrove and in the wider community with key touch points with each fundraiser/business throughout their fundraising journey, ensuring that fundraising is legal by providing advice and guidance.

Somerset NHS Foundation Trust General Charitable Funds

Our public fundraising approach

A significant percentage of our funds are raised from the public and we ensure that is undertaken in a respectful way.

Our campaigns and appeals are organised with the aim of seeking and gathering support by engaging individuals, businesses, charitable foundations, partner hospital charities and high net worth individuals.

A communication plan is utilised to ensure our messages are segmented and tailored to supporters, providing a bespoke stewardship programme to build and nurture relationships for donor retention.

A mixture of channels and promotional tools are used both within the community and across Musgrove to raise awareness of the *Love Musgrove*:

- Face to face with identified key individuals
- Broadcast media
- Written communication - letters, newsletters, direct mail
- Website
- Social media platforms - Facebook, Twitter, Instagram, LinkedIn, and YouTube
- Hybrid collection points
- Leaflets - detailing ways to give
- Event collateral - such as banners, window vinyl wraps indicating ways to give

We benchmark our fundraising activity with our peers through NHS Charities Together and monitor the comparative success of campaigns.

Fundraising Performance

The past year has been a year like no other. The on-set of Covid-19 at the start of the year resulted in events being cancelled. However, support came flooding in from the local community and we launched the Covid-19 Response Fund. At the end of this year we have raised an incredible £644,432 and have been able to support colleagues and patients by funding:

- 150 digital radios for isolated patients to give them a voice in the room (Pictured (left to right): Dr Bethan Arnold, Junior Doctor on the Acute Medical Unit, Dr Tara Fleming, Consultant Orthogeriatrician, and Dr Rachael Biggart, speciality Registrar – Acute Medicine.)
- 15,000 meals for colleagues, giving them one less to think about during a busy shift.
- 40+ iPads to help isolated patients communicate with their loved ones.
- Providing Boredom Buster newspapers to counter isolation, loneliness, anxiety and boredom with includes activities that stimulate and engage cognitive function with puzzles, games, breathing for relaxation, poetry and songs.
- Accommodation for colleagues who could not go home due to their families who were shielding.
- Funding 'Maisie Dolls' to help children admitted to hospital understand why colleagues are in Personal Protective Equipment, (PPE), to alleviate anxiety.



Somerset NHS Foundation Trust General Charitable Funds

The total is also made up of support from NHS Charities Together with a total of £203,600 received, as part of their Covid-19 Urgent Appeal, given as part of a number of grants to support the work of NHS staff, patients and volunteers. *Love Musgrove* with many other NHS Charities have benefitted from the incredible amount raised by Sir Captain Tom Moore alongside many other fundraisers who donated to their Urgent Appeal; thanks to all the inspirational fundraising we have been able to make an enormous difference across the Trust.

With a grant of £50,000 we supported two new projects, first £30,000 to provide dedicated funding for our Colleague Wellbeing Line so they can provide support and guidance to colleagues when they need it most, including support for our multicultural colleagues. The remaining £20,000 funded the work of the SIREN Research Study by funding a staff position for nine months who ran the National Institute of Research study across multiple Trust sites including Musgrove and Somerset Community Hospitals. This research is helping scientists to gain a better understanding of Covid-19.

£25,000 helped to establish a Colleague Support Fund to support colleagues meet additional childcare and family food costs as a result of Covid-19 of which over 100 staff were supported.

We secured £250,000 from Barclays' Covid-19 Community Aid Package to reduce digital poverty in community, mental health and social care across Somerset. The project is managed by Spark Somerset who provides information, advice, training and support to the voluntary community sector in Somerset with the co-ordination of the distribution of tablet devices and the provision of an IT helpdesk to support users.



During this tumultuous year our supporters rallied around us and responded in an unprecedented way with the generosity of donations and fundraisers going the extra mile to raise funds across Somerset. The local community got behind *Love Musgrove* and our NHS colleagues to provide much needed help which was reflected in the income

received to the Covid-19 Response Fund. Over 40% of donors who gave to the Fund were new to the Charity, highlighting how many people were keen to support their local NHS charity.

There was no stopping those who raised funds for our Covid-19 Response Fund such as the Taunton Royal Mail team who donned fancy dressed costumes and raised over £5,000.



Gill Hills (pictured right), raffled off a very colourful painting of a sheep named Poppy. Gill was inspired to create this piece after the amazing care her family received from doctors and nursing staff at Musgrove. A total of £360 was raised through the raffle of her artwork.

Taunton Town Football Club, (pictured left), raised over £6,000 from shaving their heads!

Somerset NHS Foundation Trust Charitable Funds

Fundraising Practices & Performance (cont'd)

We received an incredible amount of gift in kind donations from both individuals and companies totalling £291,648, including iPads, food, clothes, shampoo, hand cream, toys, Easter eggs and toiletries.

Love Musgrove

Over the past five years the awareness of *Love Musgrove* has continued to grow considerably within the local community. The support from the Covid-19 Response Fund has grown the supporter base; over 88% of donors giving a gift to the Covid Fund were new to the Charity and 40% opted in to receive regular communication. Stewardship of new and existing supporters through tailored communications to build long term rapport and relationships will ensure long-term income generation.

A multichannel approach has been used to engage with supporters through e-news, newsletters, direct mail, appeal letter and social media and telephone calls. A thank you campaign was implemented to thank donors for their support during Covid, letting them know the impact of their gift.

Engagement and collaborative working with colleagues has increased across the Trust in both the delivery of projects such as the Barclays' digital poverty scheme and engaging with colleagues regarding funding available to help support them alongside patients from the impact of the pandemic such as the provision of Care Packs for elderly and vulnerable patients.

The profile and awareness of *Love Musgrove* has increased significantly within the local community through the impact of digital media in communicating good news stories and posts to thanks fundraisers and donors. Engagement with local papers such as Tone News has widened the reach of the Charity further.

The Fundraising Team continues to increase awareness of *Love Musgrove* by supporting fundraisers, ensuring they receive the best possible experience as well as inspiring others to take part in fundraising for the Charity.

Activities by Compton include:

- Completion of the Maternity Appeal
- Launching the Covid-19 Response Fund www.lovemusgrove.org.uk/covid19
- Development of new leaflets including information about *Love Musgrove*, Stay in Touch and a Gift Aid form
- Will Month to support the legacy promotion plan and building relationships with local solicitors to increase legacy pledgers including awareness on local radio channels;
- Increased brand awareness and reach of the Charity on all social media platforms;
- Promoting the Staff Lottery across the Trust to increase the number of colleagues participating;
- Supporting wards and departments across the Hospital that require funding;
- Submitting applications to charitable trusts and foundations, from which £6,000 has been received;
- Supporting each fundraiser, ensuring they receive a great experience to inspire continued support of the Charity;
- Ensuring the Charity complies with GDPR in line with the policy of the Trust;
- Strengthening relationships with local media, like the Somerset County Gazette and Tone News.

Somerset NHS Foundation Trust Charitable Funds

Our plans for future periods

The Charity intends to achieve its long term objectives by working with Somerset NHS Foundation Trust to develop the facilities needed to provide healthcare of the highest quality to the population it serves.

- To improve patient care through the provision of 'state of the art' equipment and by promoting and supporting the improvement of staff knowledge and experience;
- Implementation of a Resources Study to widen our reach into the local community, building upon the momentum from the Covid-19 Response Fund and to identify additional fundraising opportunities and potential supporters;
- To expand our fundraising activities towards achieving a sustainable goal of £1.5 million a year
- To promote effective fundraising generally across Services;
- To raise £120,000 for Eliot Ward;
- Develop and implement a fundraising strategy for Mental Health Services; and
- To pursue an investment policy which provides a balance between income and long-term capital growth and protects fund values.

How we manage the money

Love Musgrove makes grants from both restricted and unrestricted funds. Within the unrestricted funds, grants are made from general funds and designated (earmarked) funds.

General funds – these funds are received by *Love Musgrove* with no particular preference expressed by donors. Four times a year, the charitable funds committee invite applications from any member of the Trust, and also from specialist partner charities, for example Macmillan, and patient groups working with the hospital. Based on their knowledge of the Trust, the committee agree funding priorities and score the applications for quality and value for money. Grants are particularly targeted on projects in areas of the Trust that do not have available designated funds to assist them.

Designated (earmarked) funds – are established for a particular part of the Trust or activity nominated for support by the donor. They are overseen by fund advisors who can make recommendations on how to spend the money within the designated area. Fund advisors’ recommendations are generally accepted and these funds can be spent at any time.

Financial Review

Reserves Policy

The charitable funds committee have established a reserves policy as part of their plans to provide long term support to our partner Foundation Trusts for new equipment, patient & colleague welfare, education, and research.

The charitable funds committee calculate the reserves as that part of the charity’s unrestricted income funds that is freely available after taking account of designated funds that have been earmarked for specific building or major equipment purchase, research and other projects. The reserves currently stand at £1,890,465 and are calculated as follows:

	£
Total Unrestricted funds	2,429,553
Less: Legacies held for specific projects	<u>539,088</u>
Total Reserves	<u>1,890,465</u>

Somerset NHS Foundation Trust Charitable Funds

Reserves Policy (cont'd)

The charitable funds committee intend that designated funds are spent within a reasonable period of receipt and therefore foresee a need only to maintain reserves sufficient to provide certainty of funding for general grant making.

The minimum reserve requirement is calculated as follows:

Requirement for charitable expenditure	221,884
Funds committed to future charitable activities	<u>600,870</u>
Total Reserve requirement	<u>822,754</u>

The reserves held are currently well above our target requirement.

The charitable funds committee review the balances held in designated funds to determine whether these funds are likely to be committed in the near future and the extent to which there is a continuing need identified for any particular designated fund(s). The charitable funds committee will be undertaking a review of designated funds to ensure that they are all active. Any inactive funds will be closed and the funds transferred to reserves.

About our Investments

The Investments of *Love Musgrove* are managed by CCLA Fund Managers Ltd, registered in England No. 8735639. CCLA are authorised and regulated by the Financial Conduct Authority.

The objective of the COIF Charities Investment Fund, managed by the CCLA, is to provide a long-term total return comprising growth in capital and income. The fund is an actively managed, diversified portfolio of assets with an emphasis on equities but also includes property, bonds and other asset classes which may be both liquid and illiquid in nature.

Since our portfolio mostly represents unrestricted income funds, including reserves, the emphasis is on maintaining a high level of liquidity and a low to moderate investment risk. At the balance sheet date, no holding has a market value greater than 4.96% of the total investment. In addition, the charitable funds committee have decided not to invest in tobacco securities because of the proven link between smoking and poor health which would make such investments contrary to our charitable aims.

Any appeal funds or funds intended to be used to pay grants in the near future are held in the CCLA deposit Fund for immediate availability and to minimise investment risk. At the balance sheet date this amounted to £768,263.

The Charitable Funds Committee reviews the performance of the external investment manager and ensures that the investment of funds is in accordance with its policy on investments. Investment performance is monitored by the charitable funds committee which receives quarterly investment reports from the CCLA. During the financial year, the total return, including dividends and interest, in the value of the investment portfolio was +24.31%. This compares favourably with the CCLA's composite comparative benchmark of +22.90%.

Somerset NHS Foundation Trust Charitable Funds

How we organise our affairs: Reference and Administrative details

The Somerset NHS Foundation Trust Charitable Funds are registered with the Charity Commission under the single registration number 1059922.

The charity office and principal address of the Somerset NHS Foundation Trust Charitable Funds is:

The Charitable Funds Accountant,
Finance Department,
Block B, Level 2, B/C Link,
County Hall,
Taunton, TA1 4DY Tel: (01823) 343966.

For Fundraising queries please contact:

The Head of Fundraising,
Fundraising Office,
Old Building,
Musgrove Park Hospital,
Taunton, TA1 5DA. Tel: (01823) 343974.

Structure, Governance and Management

Trustee arrangements

Somerset NHS Foundation Trust, (SFT), is the sole corporate trustee of the charity. The corporate trustee's responsibilities are therefore carried out by the SFT's board of Directors. The board is appointed in accordance with the SFT's constitution. Details of the SFT's board membership can be found in its annual report and accounts and on its website.

As this NHS Charity has a corporate trustee it is, in accounting terms, controlled by SFT and is therefore its subsidiary. Financially, the charity is not material to SFT, so it is not consolidated in the Foundation Trust's financial accounts.

The board of the Foundation Trust meets annually as corporate trustee to:

- review and approve *Love Musgrove's* strategic plan
- re-appoint or appoint members of the charitable funds committee and,
- approve the trustee's annual report and accounts for the year.

The board of directors of Somerset NHS Foundation Trust, delegates responsibility for the day to day management of the charity to the charitable funds committee in accordance with the scheme of delegation and standing financial instructions. They are responsible for fulfilling the corporate trustee's strategic plan and for working with the professional advisors and with the representatives of SFT who provides the financial services to the charity.

The charitable funds committee comprises 2 executive members of the board and 3 non-executive members. Other colleagues of SFT are invited to attend committee meetings but do not have a vote at those meetings. During the year the committee members were:

Somerset NHS Foundation Trust Charitable Funds

Structure, Governance and Management (cont'd)

Name	Date Appointed (to the committee)	Date resigned	Notes
Barbara Gregory	24/10/19		Non-Executive Director of the SFT board, Chair of the Charitable Funds.
David Shannon	24/10/17		Director of Strategic Development & Improvement of the SFT Board
Pippa Moger	02/10/17		Director of Finance of the SFT Board
Stephen Harrison	24/10/19		Non-Executive Director of the SFT Board
Alexander Priest	01/04/20		Non-Executive Director of the SFT Board

New members of the committee are provided with an induction pack consisting of the governing documents, previous 3 years of trustee's annual report and accounts, policies and procedures of the charity as well as the Charity Commission's guidance; The essential trustee: what you need to know (CC3). NHS Charities Together, (to which we belong), runs regular conferences and symposia for trustees.

Our staff & advisors

The charity has one staff member seconded full time from SFT, Mr Nick Boatwright, who is the Charitable Funds Accountant. The Trust also provides financial systems work on an *ad hoc* basis.

The charitable funds committee is also assisted when required by a number of professional advisors, as detailed below:

Bankers: National Westminster Bank PLC
26-27, Fore Street,
TAUNTON TA1 1JQ

Investment Managers: CCLA Ltd
Senator House,
85, Queen Victoria Street,
LONDON EC4V 4ET

Somerset NHS Foundation Trust Charitable Funds

Structure, Governance and Management (cont'd)

Independent Auditors:	KPMG LLP 66 Queen Square, BRISTOL BS1 4BE
Legal Advisors:	Bevan Brittan LLP Kings Orchard, 1 Queen Street BRISTOL BS2 0HQ

Key management personnel remuneration

The board of the corporate trustee and the charitable funds accountant comprise the key management personnel of the charity as they are in charge of:

- directing and controlling the charity,
- running and operating the charity on a day to day basis.

SFT board members are either executive members, who are employees of Somerset NHS Foundation Trust, or non-executive members who are remunerated in accordance with Somerset NHS Foundation Trusts constitution. None of the board members are specifically paid in relation to the charity; they give of their time freely.

Members of SFT's board are required to disclose all relevant interests, register them and withdraw from decisions where a conflict of interest arises. All related party transactions are disclosed in note 17 to the accounts on page 34.

The charitable funds accountant is employed by SFT on NHS terms and conditions. His remuneration is reviewed annually and is increased in accordance with the nationally agreed increases for his pay scale. The Charity is fully recharged by the Foundation Trust for the employment costs relating to his employment.

No expenses were paid to key management personnel during the financial year.

Risk Analysis

As part of their business planning exercise carried out during the year, the charitable funds committee has considered the major risks to which the charity is exposed. They have reviewed systems and identified steps to mitigate those risks. Three major risks have been identified and arrangements have been put in place to mitigate those risks.

i) Future levels of income

Love Musgrove is heavily reliant on voluntary donations and legacies to allow it to make grants to NHS bodies. If income falls then the trust would not be able to make as many grants or enter into longer term commitments with the NHS bodies we support.

The committee mitigates the risk that income will fall by engaging with the Fundraising Department. That Department comprises dedicated fundraising experts who work with the committee to provide a co-ordinated approach to raising funds. Fundraising activity is regularly benchmarked against our peers and thorough reviews are undertaken after major campaigns and events to understand what worked well and how things could be done better.

Somerset NHS Foundation Trust Charitable Funds

Structure, Governance and Management (cont'd)

ii) Falls in investment returns

The charity generated additional income from investing its cash balances so the committee considers the loss of investment income to be a major financial risk. The risk is mitigated by retaining expert investment managers, having a diversified investment portfolio and regularly reviewing that portfolio. The committee makes use of benchmarking information when reviewing the portfolio.

iii) Unforeseen changes in the operation of the NHS

The NHS is, by its very nature, subject to national changes in government policy as well as local politically driven decisions. The charitable funds committee has identified this as a risk as it may mean initiatives or healthcare activities supported by the charity are no longer delivered in Taunton & wider Somerset area. The committee regularly liaises with NHS partners to understand the changes that they are facing at an early stage.

Wider Networks

The Charity is delighted to maintain close links with the League of Friends of Musgrove Hospital and the League of Friends of the various Community Hospitals in Somerset, the Musgrove Leukaemic Group Somerset and the Somerset Unit for Radiotherapy Equipment. The support provided by these organisations is greatly valued.

The Corporate Trustee is a member of the Healthcare Financial Management Association (HFMA) and the Institute of Charities and receives regular updates and bulletins on matters affecting NHS charity funds from the HFMA Charitable Funds Special Interest Group.

The Somerset NHS Foundation Trust Charitable Fund is one of over 280 NHS linked charities in England and Wales who are members of NHS Charities Together. As a member charity, we have the opportunity to discuss matters of common concern and exchange information and experience. We have been most fortunate to benefit in a share of the National Appeal run by them during the Covid-19 pandemic.

Volunteers

The trustee would like to pay tribute to:

- Our volunteers for their time, support, and commitment
- Our colleagues who give of their time out of hours in support of the work of the *Love Musgrove*, in developing ideas for fundraising and working with us to identify how we can help them improve care and wellbeing for the patients.
- Our fundraisers who do so much to encourage others to enrich lives through donations and fundraising activities.

Signed on behalf of the Corporate Trustee: B. Gregory.



Date: 01 September 2021

Statement of Trustee’s Responsibilities

Under the trust deed of the charity and charity law, the trustee is responsible for preparing a Trustee's Annual Report and the financial statements in accordance with applicable law and regulations. The trustee is required to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources for that period.

In preparing these financial statements, generally accepted accounting practice entails that the trustee:

- selects suitable accounting policies and then apply them consistently;
- makes judgements and estimates that are reasonable and prudent;
- states whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- states whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements;
- assesses the charity’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- uses the going concern basis of accounting unless it either intends to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

The trustee is required to act in accordance with the trust deed of the charity, within the framework of trust law. It is responsible for keeping accounting records which are sufficient to show and explain the charity’s transactions and disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustee to ensure that, where any statements of accounts are prepared by it under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

The trustee is responsible for the maintenance and integrity of the financial and other information included on the charity’s website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By Order of the Trustee

Signed:



..... Date: 20 May 2021.
Barbara Gregory, Chair of the Charitable Funds Committee on behalf of the Corporate Trustee.



..... Date: 20 May 2021.
Pippa Moger, Director of Finance.

Independent auditor's report to the Trustee of Somerset NHS Foundation Trust Charitable Funds

Opinion

We have audited the financial statements of Somerset NHS Foundation Trust Charitable Funds ("the charity") for the year ended 31 March 2021 which comprise the Balance Sheet, Statement of Financial Activities, Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2021 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditor under section 149 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act.

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

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charity or to cease its operations, and as they have concluded that the charity's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the trustees' conclusions, we considered the inherent risks to the charity's business model and analysed how those risks might affect the charity's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

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

- Enquiring of directors and inspection of policy documentation as to the Charity's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud; and
- Reading Board minutes

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

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Charity-wide fraud risk management controls.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

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

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

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

Whilst the Charity is subject to many other laws and regulations, we did not identify any others where the consequences of non-

compliance alone could have a material effect on amounts or disclosures in the financial statements.

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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

Other information

The trustees are responsible for the other information, which comprises the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page X, the trustees are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

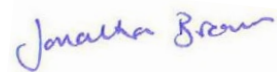
Auditor's responsibilities

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

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

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charity's trustees as a body, in accordance with section 149 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Jonathan Brown
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

66 Queen Square

Bristol

BS1 4BE

22 November 2021

Somerset NHS Foundation Trust Charitable Funds
Statement of Financial Activities for the year ended 31 March 2021

	Note	Restricted Funds	Unrestricted Funds	Total Funds 2020/21	Total Funds 2019/20
		£000	£000	£000	£000
Income from:					
Voluntary income:					
Donations & legacies	2	464	1,067	1,531	593
Other trading activities	2	0	77	77	93
Income from investments	2	0	60	60	51
Total income		464	1,204	1,668	737
Expenditure on:					
Raising funds	3	0	66	66	66
Charitable activities:					
Purchase of new equipment	4	7	142	149	243
Patient welfare and amenities	4	135	182	317	279
Staff welfare and amenities	4	75	515	590	48
Staff education, training and development	4	0	0	0	90
Investment management costs	16	0	0	0	21
Total resources expended		217	905	1,122	747
Net gains/(losses) on investments	8	0	327	327	(167)
Net income / (expenditure)		247	626	873	(177)
Net movement in funds		247	626	873	(177)
Reconciliation of Funds:					
Total funds brought forward*	15	140	1,804	1,944	2,121
Total funds carried forward	15	387	2,430	2,817	1,944

All gains and losses recognised in the reporting period are included in the Statement of Financial Activities and relate to continuing operations.

There is no material difference between the net incoming / (outgoing) resources for the reporting period stated above and their historical cost equivalents.

* Refer to Note 2 for prior year adjustment

The notes on pages 26 to 35 form part of these accounts

Somerset NHS Foundation Trust Charitable Funds
Balance Sheet as at 31 March 2021

		Restricted	Unrestricted	31 March	31 March
	Note	Funds	Funds	2021	2020
		£000	£000	£000	Restated* £000
Fixed assets					
Investments	8	350	1,559	1,909	1,582
Total non-current assets		350	1,559	1,909	1,582
Current Assets					
Trade and other receivables	9	0	58	58	32
Cash at bank and in hand	10	61	905	966	468
Total current assets		61	963	1,024	500
Current liabilities					
Trade and other payables falling due within one year	11	24	92	116	138
Total current liabilities		24	92	116	138
Total current assets less current liabilities		37	871	908	362
Total assets employed		387	2,430	2,817	1,944
Funds of the Charity					
Restricted*	15	387	0	387	140
Designated*	15	0	1,794	1,794	1,662
Unrestricted	15	0	636	636	142
Total Charity Funds		387	2,430	2,817	1,944

* Refer to Note 2 for prior year adjustment

The financial statements on pages 23 to 35 were approved by the Corporate Trustee on 01 September 2021 and signed on its behalf by:

Signed:

Name: **Barbara Gregory**
Chair of the Charitable Funds Committee on behalf of the Corporate Trustee
Date: **01 September 2021**

Somerset NHS Foundation Trust Charitable Funds
Statement of Cash Flows for the year ended 31 March 2021

	<u>Note</u>	2020/21 £000	2019/20 £000
Cash Flows from operating activities:			
<i>Net Cash provided by operating activities</i>	(i)	<u>765</u>	<u>(92)</u>
 Cash Flows from investing activities:			
Dividends and interest from investments		60	51
Proceeds from sale of investments		0	80
Loss / (gain) on investments		(327)	167
Purchase of investments		0	(360)
<i>Net Cash provided by / (used in) investing activities</i>		<u>(267)</u>	<u>(62)</u>
 <i>Net Cash (absorbed by) / provided by activities</i>		<u>498</u>	<u>(154)</u>
 <i>Change in cash & cash equivalents in the reporting period</i>		498	(154)
Cash and cash equivalents at the beginning of the reporting period		468	622
<i>Cash and cash equivalents at the end of the reporting period</i>	(ii)	<u>966</u>	<u>468</u>

(i) Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2020/21 £000	2019/20 £000
<i>Net (expenditure) / income for the reporting period</i>	545	(10)
Adjustments for:		
Dividends and interest from investments	(60)	(51)
Unrealised gains (losses) on Investments	327	(167)
(Increase) / decrease in receivables	(26)	99
Increase / (decrease) in payables	(21)	37
<i>Net cash provided by operating activities</i>	(i) <u>765</u>	<u>(92)</u>

(ii) Analysis of cash & cash equivalents

	2020/21 £000	2019/20 £000
Cash at bank & in hand	966	468
Total cash & cash equivalents	(ii) <u>966</u>	<u>468</u>

1. Accounting Policies

(a) Basis of Preparation

The financial statements have been prepared under the historic cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the charities SORP with additional disclosures as required by FRS102.

The Trustee has prepared the financial statements on a going concern basis which they consider is appropriate for the following reasons. The business model of the charity is such that its charitable activities are limited to those which has sufficient funds to support from the excess of funding received over the costs of administering the charity. The charity therefore has no specific commitments and no committed costs beyond its fixed costs of operation which are detailed in note 5.

The Trustee has reviewed cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period.

The Trustee acknowledges that the Covid-19 pandemic has had an impact on the charity's fundraising income for unrestricted funds although this has been largely offset by the generous donations made by members of the public in the first and third lockdowns and restricted income from the NHS Charities Together national appeal. As a grant making charity with few ongoing commitments, this will impact on the new grants that can be made in the short term rather than affecting the charity's ability to continue as a going concern. Whilst the amount of grants made in 2021/22 may be reduced, there are no material uncertainties affecting the current year's accounts.

(b) Structure of Funds

Where there is a legal restriction on the purpose to which a fund may be used, the fund is classified as a restricted fund where the donor has provided for the donation to be spent in furtherance of a specified charitable purpose.

Unrestricted funds are spent or applied at the discretion of the trustees to further any of the charity's purposes.

Trustees may choose to set aside a part of the unrestricted fund to be used for a particular project or commitment. These Designated funds are a part of the unrestricted fund balance of the charity and do not legally restrict the trustee's discretion in how to apply the unrestricted funds that they have earmarked.

At some point in the past, some of the funds were classified as restricted funds rather than as designated, which forms part of the unrestricted fund balance of the charity as there is no legal restriction on the trustee's discretion on how to apply these funds. For an explanation of the prior year adjustment relating to reserves classification, please see Note 2.

The major funds held in each of these categories are disclosed in Note 15.

(c) Incoming Resources

All incoming resources are recognised once the Charity has entitlement to the resources, it is probable that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

Legacies are recognised when it is probable that they will be received. Receipt is normally probable when:

- there has been grant of probate,
- the executors have established that there are sufficient assets in the estate, after settling any liabilities, to pay the legacy; and
- any conditions attached to the legacy are either within the control of the charity or have been met.

(d) Resources Expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. All expenditure is recognised once there is a legal or constructive obligation committing the Charity to the expenditure.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objects of the Charity. These costs, where not wholly attributable, are apportioned between the categories of charitable expenditure.

1. Accounting Policies (cont'd)

(e) Allocation of Direct and Support Costs

Direct and support costs have been allocated between charitable activities and fundraising costs. Direct costs are attributable directly to the activity to which it relates. Support costs have been apportioned between fundraising costs and charitable activities on an appropriate basis. The analysis of support costs and the basis of allocations are shown in Note 5.

(f) Fixed Asset Investments

Investments are stated at market value as at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Quoted stocks and shares are included in the balance sheet at mid-market price, excluding dividend.

Details of movements in fixed asset investments during the year are shown in Note 8.

(f) Realised Gains and Losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are those gains/losses arising from increases or decreases in the value of investments that have not been sold (and hence unrealised) at the reporting period end. These are calculated as the difference between the carrying value at the period end and opening market value (or purchase date if later).

(g) Key judgements and Assumptions

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The only estimate that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relates to the recognition of legacy and grant income. The estimate is based on historical experience and information gained from correspondence with the executor up to the balance sheet date. See Note 14.

(h) Financial Instruments

The Charity only has financial assets and financial liabilities that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. See Note 18.

(i) Staff Costs and pensions

Somerset NHS Foundation Trust fully re-charged *Love Musgrove* for the member of staff who works full time for the charity. The staff member belongs to the NHS Pension Scheme which is an unfunded defined benefit scheme which is accounted for as a defined contribution scheme.

The recharge from the Somerset NHS Foundation Trust includes the employer contributions to that scheme. For more information on the NHS Pension Scheme, please refer to the Somerset NHS Foundation Trust annual report and accounts.

(j) Gifts in Kind

Gifts in kind, such as foods, toiletries and toys are accounted for quarterly after they are accepted and immediately distributed. Gifts of tangible assets such as white goods are recognised as a donation at fair value on receipt and charitable expenditure when they are distributed. Where gifts in kind are held before distribution to beneficiaries, they are recognised at fair value as stock until they are distributed.

2. Analysis of Financial Statements

The primary statements provide prior year comparatives in total; this note provides prior period comparatives for the Statement of Financial Activities, (2a), and the Balance Sheet, (2b), on the next pages, for each type of fund that the Somerset NHS Foundation Trust Charitable Funds manages.

2019/20 Prior Period Adjustment

In April 2020 a review of restricted funds was carried out. It was identified that at some point prior to 31 March 2019, £493k of funds were classified as restricted funds rather than as designated. Designated funds form part of the unrestricted fund balance of the charity as there is no legal restriction on the trustee's discretion on how to apply these funds. During 2019/20, there had been net expenditure on these funds of £148k, resulting in a closing balance on these funds as at 31 March 2020 of £345k. As a result, the 2020 split in charity funds has been restated to increase designated funds by £345k as at 31 March 2020 and decrease restricted funds with the same amount. The impact on the 2019/20 financial statements is set out below in Notes 2a and 2b. As a result, the prior year comparatives have been restated.

There is no impact on the total charity funds as at 31 March 2019 or 31 March 2020

2a Statement of Financial Activity for the year ended 31 March 2021

Note	2020/21			2019/20 Previously Reported			Adjustment			2019/20 Restated			
	Restricted Funds £000	Unrestricted Funds £000	2020/21 Total £000	Restricted Funds £000	Unrestricted Funds £000	2019/20 Total £000	Restricted Funds £000	Unrestricted Funds £000	2019/20 Total £000	Restricted Funds £000	Unrestricted Funds £000	2019/20 Total £000	
Income from:													
Voluntary income:													
Donations & legacies	464	1,067	1,531	43	550	593	(34)	34	0	9	584	593	
Other trading activities	0	77	77	9	84	93	(9)	9	0	0	93	93	
Income from investments	0	60	60	9	42	51	(9)	9	0	0	51	51	
Total income	464	1,204	1,668	61	676	737	(52)	52	0	9	728	737	
Expenditure on:													
Raising funds	3	0	(66)	(6)	(60)	(66)	6	(6)	0	0	(66)	(66)	
Charitable activities:	4	(217)	(839)	(178)	(482)	(660)	165	(165)	0	(13)	(647)	(660)	
Investment management costs		0	0	(2)	(19)	(21)	2	(2)	0	0	(21)	(21)	
Total resources expended		(217)	(905)	(186)	(561)	(747)	173	(173)	0	(13)	(734)	(747)	
Net (losses) gains on investments		0	327	(27)	(140)	(167)	27	(27)	0	0	(167)	(167)	
Net Income		247	626	(152)	(25)	(177)	148	(148)	0	(4)	(173)	(177)	
Transfers between funds	13	0	0	7	(7)	0	0	0	0	7	(7)	0	
Net movement in funds		247	626	(145)	(32)	(177)	148	(148)	0	3	(180)	(177)	

2b Balance Sheet as at 31 March 2021

	Note	2020/21			2019/20 Previously Reported			2019/20 Adjustment			2019/20 Restated		
		Restricted Funds	Unrestricted Funds	Total	Restricted Funds	Unrestricted Funds	Total	Restricted Funds	Unrestricted Funds	Total	Restricted Funds	Unrestricted Funds	Total
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Investments	8	350	1,559	1,909	395	1,187	1,582	(281)	281	0	114	1,468	1,582
Total Fixed Assets		350	1,559	1,909	395	1,187	1,582	(281)	281	0	114	1,468	1,582
Current Assets													
Debtors	9	0	58	58	8	24	32	(8)	8	0	0	32	32
Cash at bank and in hand	10	61	905	966	117	351	468	(91)	91	0	26	442	468
Total Current Assets		61	963	1,024	125	375	500	(99)	99	0	26	474	500
Creditors amounts falling due within one year	11	(24)	(92)	(116)	(35)	(103)	(138)	35	(35)	0	0	(138)	(138)
		(24)	(92)	(116)	(35)	(103)	(138)	35	(35)	0	0	(138)	(138)
Net Current Assets		37	871	908	90	272	362	(64)	64	0	26	336	362
Net Assets		387	2,430	2,817	485	1,459	1,944	(345)	345	0	140	1,804	1,944
Funds of the Charity:													
Restricted Funds	15	387	0	387	485	0	485	(345)	0	(345)	140	0	140
Unrestricted & Designated Funds	15	0	2,430	2,430	0	1,459	1,459	0	345	345	0	1,804	1,804
Total Charity Funds		387	2,430	2,817	485	1,459	1,944	(345)	345	0	140	1,804	1,944

3. Raising Funds

	Activities undertaken directly	Support Costs	2020/21 Total	2019/20 Total
	£000	£000	£000	£000
Expenditure on raising funds				
Fundraising costs	22	12	34	31
Lottery running costs	21	11	32	35
	43	23	66	66

4. Analysis of Charitable Expenditure

	Activities undertaken directly	Support Costs	2020/21 Total	2019/20 Total
	£000	£000	£000	£000
Purchase of new equipment	131	18	149	243
Patient welfare and amenities	288	29	317	279
Staff welfare and amenities	416	174	590	48
Staff education and training	0	0	0	90
Total	835	221	1,056	660

5. Analysis of Support and Governance Costs across Expenditure

	Administration Costs	Finance & Audit	Governance	Salary & Related	2020/21 Total	2019/20 Total
	£000	£000	£000	£000	£000	£000
Raising funds	18	0	1	4	23	6
Purchase of new equipment	14	0	1	3	18	158
Patient welfare and amenities	22	1	1	5	29	35
Staff welfare and amenities	138	3	3	30	174	12
Staff education and training	0	0	0	0	0	11
Total	192	4	6	42	244	222

The support costs of £243,537 (2019/20, £221,580) are, by their very nature, not attributable to a single activity or activities and therefore are apportioned across expenditure on the basis of average value of funds.

6. Analysis of Grants

The Charity does not make grants to individuals. All grants are made to the Somerset NHS Foundation Trust or other institutions to provide for the care of NHS patients in furtherance of our charitable aims. The total cost of making grants, including support costs, is disclosed on the face of the Statement of Financial Activities and the actual funds spent on each category of charitable activity, is disclosed in Note 4.

	2020/21 Total	2019/20 Total
	£000	£000
Institutions Receiving Grant Support:		
Somerset NHS Foundation Trust	954	0
Taunton & Somerset NHS Foundation Trust	0	492
Somerset Partnership NHS Foundation Trust	0	168
Spark Somerset	102	0
Total Grants	1,056	660

7. Auditors' Remuneration

The external auditors' remuneration inclusive of VAT of £3,960 (2020/21 £3,720) relates solely to the statutory independent audit with no other additional work undertaken.

Somerset NHS Foundation Trust Charitable Funds
Notes to the Financial Statements

8. Investments

Fixed asset investments are measured initially at cost and subsequently at fair value, (their market value), at the balance sheet date. This treatment is in accordance with paragraph 11.14(d) of FRS 102.

	31 March 2021 £000	31 March 2020 £000
Movement in Fixed Asset Investments		
Market value brought forward	1,582	1,469
Add: additions to investments at cost	0	360
Less: disposals	0	(80)
Add: net gains (losses) on revaluation	327	(167)
Market value at end of Year	1,909	1,582
Analysis of gains / (losses)	£000	£000
Net realised gains	0	27
Unrealised gains / (losses)	327	(194)
Total	327	(167)

**Fixed Asset Investments Market Value and
Gross Income Receivable**

	£000	£000
Investments listed on the Stock Exchange	1,909	1,582
Total Value of investments held	1,909	1,582

9. Trade and other receivables

	31 March 2021 £000	31 March 2020 £000
Trade receivables	14	6
Prepayments	3	3
Accrued income	34	20
Gift aid to be reclaimed	7	3
Total	58	32

10. Cash at Bank and in hand

	31 March 2021 £000	31 March 2020 £000
Analysis of cash and cash equivalents at bank and in hand.		
Cash in hand	198	0
Funds held at bank	768	468
Total	966	468

Cash at bank and in hand is held to meet short-term cash commitments as they fall due rather than for investment purposes.

11. Trade and other payables falling due within one year

	31 March 2021 £000	31 March 2020 £000
Trade Creditors	87	116
Accruals	4	8
Other payables	25	14
Total	116	138

12. Provisions for Liabilities and Charges

There were no provisions made in the current or previous year and all the grants payable have been paid or accrued. There were no grants approved by the Trustee on a provisional basis or on an estimated basis where a firm intention had been communicated to any beneficiaries.

13. Transfers between Funds

There were no significant transfers between funds in this financial year.

14. Material Legacies

Seven legacies to the value of £231,051 (2020/21: £102,668) were received in the financial year to the benefit of seven different funds, (see below).

Where future receipt of a legacy is certain, and the amount is known or can be reasonably estimated, an accrual is made.

The funds that benefitted are as follows:	31 March 2021		31 March 2020	
	Received	Accrued	Received	Accrued
	£	£	£	£
Musgrove Park Hospital, General Funds	153,348	15,000	21,286	0
Musgrove Park Hospital, Beacon Centre Fund	25,000	0	74,296	0
Musgrove Park Hospital, Maternity Fund	25,000	0	0	0
Musgrove Park Hospital, Somerset Lung Centre	5,000	0	0	0
Musgrove Park Hospital, Restricted Funds	3,702	0	4,537	0
Musgrove Park Hospital, Breast Care Centre	2,000	0	0	0
Burnham Community Hospital	0	2,000	0	2,000
Musgrove Park Hospital, Paediatric Fund	0	0	(4,064)	0
Musgrove Park Hospital, Coronary Care Unit	0	0	2,500	0
Musgrove Park Hospital, ITU	0	0	2,000	0
Dene Barton Unit	0	0	0	113
	214,050	17,000	100,555	2,113

15. Analysis of Charitable Funds

A closing fund balance of £30,000 or above has been set for separate reporting of material funds. Those funds listed are those with closing balances in excess of £30,000 as at 31 March 2021.

a) Details of Material Restricted Funds

Restricted funds are funds where the donor has placed a legal restriction to either only utilise income generated from the donation (endowment) or to only be spent in furtherance of a specific charitable purpose.

The funds analysed below, are for any charitable purpose or purposes, principally at or in connection with the Somerset NHS Foundation Trust.

	Balance 01/04/20 Restated	Incoming resources	Resources expended	Unrealised Gains	Balance 31/03/21
	£000	£000	£000	£000	£000
NHS Charities Together Grant*	0	204	(70)	0	134
Barclays Foundation*	0	250	(130)	0	120
Urological Research Fund	48	0	(12)	0	36
Other restricted funds*	92	10	(5)	0	97
Total	140	464	(217)	0	387

*Restated

15. Analysis of Charitable Funds

a) Details of Material Restricted Funds (cont'd)

NHS Charities together Grant - For improving the wellbeing of NHS Staff due to and because of the Covid-19 pandemic.
 Barclays Foundation Grant - Grant bestowed for the purpose of reducing digital poverty in Somerset.
 Urological research fund - as per research objectives but specifically for urology research and patient studies.

b) Details of material Designated and Unrestricted Funds

Within the Charity's unrestricted funds are a number of designated (earmarked) funds relating to particular wards and departments. These designated funds, analysed under(i), are those where the donor has made known their non-binding wishes and where members of the Corporate Trustee have, at their discretion, created a specific fund for a specific purpose. These are wholly unrestricted funds which are designated at the Trustee's discretion and can be reverted to the Unrestricted General Fund fund at any time.

(i) Analysis of Designated Funds	Balance 01.04.20 Restated	Incoming resources	Resources expended	Transfers	Unrealised Gains	Balance 31.03.21
	£000	£000	£000	£000	£000	£000
Beacon Centre*	246	89	(56)	0	59	338
Morse Paediatric	303	30	(65)	0	67	335
Frome Hospital*	171	3	(54)	0	17	137
Breast Care Unit	116	6	(3)	0	0	119
SNICU	46	38	(11)	0	0	73
Henry Bissell Spinal Fund	68	1	(2)	0	0	67
Palliative Care	55	11	(8)	0	0	58
Art for Life*	26	3	(2)	10	0	37
Stroke Unit	34	5	(3)	0	0	36
Sight Fund	36	0	(1)	0	0	35
Eliot Ward*	32	6	(1)	(5)	0	32
W. Somerset Postgraduate Centre	32	0	(1)	0	0	31
CCU Dept*	25	9	(4)	0	0	30
Other Designated Funds*	472	102	(130)	6	16	466
Total	£1,662	£303	(£341)	£11	£159	£1,794

*Restated.

All designated funds are for any charitable purpose relating to the National Health Service wholly or mainly for the Somerset NHS Foundation Trust.

(ii) Analysis of Unrestricted Funds held by Somerset FT Charitable Funds

Unrestricted Funds, analysed below are those funds where no donors have expressed any specific non-binding wish together with any and all the unrestricted income accruing to the Charity.

	Balance 01.04.20 Restated	Incoming resources	Resources expended	Transfers	Unrealised Gains	Balance 31.03.21
	£000	£000	£000	£000	£000	£000
SFT General Fund	142	826	(542)	(11)	168	583
SFT Staff Lottery	0	75	(22)	0	0	53
Total	£142	£901	(£564)	(£11)	£168	£636
Total Unrestricted Funds (i) + (ii)	£1,804	£1,204	(£905)	£0	£327	£2,430

15.b Analysis of Charitable Funds (cont'd)

(ii) Analysis of Unrestricted Funds held by Somerset FT Charitable Funds

SFT General Fund - for any charitable purpose relating to the National Health Service wholly or mainly at any premises managed by Somerset NHS Foundation Trust.

SFT Staff Lottery - Raised by staff for the improvement of the working environment at any premises managed by Somerset NHS Foundation Trust.

16. Investment Management Costs

The expenditure of £Nil (2019/20: £21,023) is the cost of the portfolio management and the costs incurred in the sale and purchase of shares. The organisation changed its Investment Management provider in 2019, investing in a Common Investment Fund where fees are charged to the Capital. As a result, the Charity is no longer charged fees directly.

17. Related Party Transactions

Somerset NHS Foundation Trust is the only beneficiary of the Charity. At the balance sheet date, the Charity owed the Trust £7,804 and was owed £13,862 by the Trust. During the financial year, the Charity provided funding to the Somerset NHS Foundation Trust of £954,287.

Support costs recharged by the Trust are shown in Note 5 of the financial statements. During the year; neither the members of the Trust or Partnership Boards, senior staff of these organisations or parties related to them, were beneficiaries of the Charity. Support costs recharged by the Trust in 2020/21 amounted to £243,537 (2019/20: £219,580).

Neither the Corporate Trustee nor any member of the NHS Trust Board has received honoraria, emoluments or expenses in the year. The Trustee has not purchased Trustee indemnity insurance from the funds, however indemnity insurance has been provided as part of the corporate policy of the Somerset NHS Foundation Trust.

18. Financial Instruments

The Charity has the following financial instruments:

	31 March 2021 £000	31 March 2020 £000
Financial assets that are debt instruments measured at amortised cost		
Trade receivables	14	6
Other receivables	44	26
	58	32
Financial liabilities measured at amortised cost		
Trade creditors	87	116
Other creditors	29	22
	116	138

19. Ultimate Holding Organisation and Registered Address

The ultimate controlling party of the Charity is Somerset NHS Foundation Trust. Copies of the 2020-21 Annual Report and Financial Statements of Somerset NHS Foundation Trust can be obtained by writing to: Director of Finance, Somerset NHS Foundation Trust, Musgrove Park Hospital, Taunton, Somerset TA1 5DA.

Registered Address of Charity:	Musgrove Park Hospital TAUNTON Somerset TA1 5DA
Registered Number of Charity:	1059922