Department of Health

NHS

Milton Keynes Primary Care Trust

2012-13 Annual Report and Accounts

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Milton Keynes Primary Care Trust

2012-13 Annual Report

NHS
Milton Keynes

Annual Report

2012-13

NHS
Milton Keynes

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Welcome and Introduction

Welcome to the NHS Milton Keynes Annual Report for 2012-13.

This was a year of transition and change as we continued to prepare for the new commissioning arrangements and other reforms set out in the Health and Social Care Bill which passed into law in March 2012.

We have continued to support the development of our Clinical Commissioning Group (CCG), NHS Milton Keynes CCG, as well as the emerging National Commissioning Board. We also worked closely with our local authority in developing the new health and wellbeing board. Our public health team are now based within Milton Keynes Council, ready for the transfer of functions and responsibilities in April 2013.

NHS Milton Keynes officially closed down on 31 March 2013 and we would particularly like to acknowledge the hard work and dedication of all our staff over the years especially during the transition period where their professionalism has ensured a smooth transfer of responsibility to the new receiver organisations; the CCGs, the National Commissioning Board, NHS Property Services and the Public Health team now based at Milton Keynes County Council.

We are proud of what NHS Milton Keynes has achieved, and believe we have built a strong legacy for our CCG to take forward to ensure that the NHS continues to deliver the best healthcare possible for the residents of Milton Keynes.

Annual Report

All NHS organisations are required to publish an annual report and financial statements at the end of each financial year. This report provides an overview of the work of NHS Milton Keynes, the Primary Care Trust (PCT), between 1 April 2012 and 31 March 2013.

The report is made up of two parts. The first part includes information about the details of our performance as well as commentary on wider events which have shaped our business and priorities. The second part is a summary of the organisation's financial statements for the financial year 2012/13 including the remuneration report and governance statement.

Operating and Financial Review

About NHS Milton Keynes

Our history

NHS Milton Keynes is responsible for commissioning all health services for the people who live in the borough. It was previously known as Milton Keynes Primary Care Trust (PCT) which was created in October 2000.

Following the introduction of the government's NHS reforms, NHS Milton Keynes formed a PCT cluster with NHS Northamptonshire in June 2011 and, since that date, has operated as a 'cluster' under a single chief executive, management team and board.

The cluster supported local CCGs across Northamptonshire and Milton Keynes to enable a smooth handover of PCT functions to new commissioning arrangements.

The community we serve

The borough of Milton Keynes does not cover just the new city area alone but also encompasses other, older towns such as Stony Stratford, Woburn Sands, Olney, Newport Pagnell, Bletchley and Wolverton.

There are more than 240,000 people registered with 28 GP practices across the borough, as well as a small number of villages close to the city in Northamptonshire and Aylesbury Vale. The population is expected to increase to 272,740 by the year 2018, an increase of 15% (from 2009)

The city has an increasingly diverse community and is set to become more so with ethnic minority groups accounting for 27 per cent of young people of school age, according to a pupil census conducted in 2008.

Milton Keynes has a significantly higher proportion of people in the younger age groups, with a lower proportion of older people. However this is set to change significantly, there will be an 85% increase in the number of people over-60 by 2026 (from 2009). The number of very old people (aged 85+) is also forecast to grow, from 6,970 in 2009 to around 16,160 in 2026, a growth of 132%.

The transition to local clinically-led commissioning
The government's Health and Social Care Bill includes plans to hand the annual NHS budget of around £80bn directly to family doctors who, it says, are better placed to decide which services are needed for their patients.

By 1 April 2013 all GP practices in England will join with colleagues to become part of a Clinical Commissioning Group (CCG), and Primary Care Trusts will have been abolished.

The Clinical Commissioning Group for Milton Keynes is NHS Milton Keynes CCG, which is made up of all 28 GP practices in Milton Keynes.

NHS Milton Keynes CCG has a clear vision: "We will openly work with you to plan and buy services that are high quality and provide you with the best health outcomes and experiences while achieving value for money for our local community. We will listen and we will improve the health and wellbeing for everyone in Milton Keynes."

In 2011-12 partial commissioning budgets were delegated to the CCGs who have been developing their own governance structure underneath the overarching NHS Northamptonshire and Milton Keynes Board. For 2012-13 the full commissioning budget was devolved to the CCG.

Authorisation
During 2012-13, NHS Milton Keynes CCG was successfully authorised by the National Commissioning Board to become a standalone statutory NHS organisation on 1 April 2013. This means that the CCG is deemed able to handle their local commissioning budget and make clear decisions about how services will be designed and where they should be delivered.

The authorisation process assessed every CCG against a set of 119 criteria. CCGs had to submit evidence for each area and also host a panel day where questions were asked by an independent team of NHS experts.

The cluster PCT objectives and strategy
NHS Northamptonshire and NHS Milton Keynes formed a cluster in June 2011, effectively pooling the resources of the two PCTs in order to maintain robust capacity and capability. This clustering arrangement continued in operation until 31 March 2013 when the PCTs were abolished and their responsibilities passed over to the new receiver organisations. Professor John Parkes and Professor William Pope were appointed as Chief Executive and Chair respectively of the cluster on its formation in June 2011 but, on 1 October 2012 Jane Halpin, Local Area Team Director took over as Chief Executive..

During 2012-13, the cluster continued to support the local CCGs in Northamptonshire to enable a smooth handover of PCT functions to the new commissioning arrangements.

The cluster's aims were to ensure:

- Delivery of the strategic plan

- Transformational changes to the local health economy
- Business continuity
- Financial stability

Through the transition, the cluster:

- Managed limited resources and reach financial control
- Provided high quality support to development of GP commissioning arrangements
- Continued to develop and improve healthcare services for the Milton Keynes population
- Jointly established the Health and Wellbeing Board with Milton Keynes Council
- Worked with partners within and outside the health economy to ensure preparedness for new arrangements

This resulted in a legacy to be proud of for the new CCGs to inherit and build upon, and the development of the best CCGs in the country to deliver the best healthcare services for the people of Milton Keynes.

QIPP (Quality, Innovation, Productivity and Prevention)
During the year, we have worked with our health and social care partners across Milton Keynes and Northamptonshire to improve quality and productivity across the health and social care system as part of the national QIPP (Quality, Innovation, Productivity and Prevention) programme to reinvest efficiency savings of up to £20 billion pounds nationally in improving services and health outcomes .The aim is to do more with the funding we receive to meet the challenges of a growing and ageing population, rising patient expectations and the extra costs of medical advances and new treatments.

For 2012-13 QIPP plans have been fully developed by the CCG and they have taken on devolved responsibility for delivering the QIPP programmes. The QIPP target for 2012-13 was set at a challenging £18m. In addition, providers had their own separate CIP (Cost Improvement Plan) to deliver for the year to cover the 4% efficiency reductions to their contract tariffs required by commissioners and further savings to cover any additional cost pressures that they may face.

For Milton Keynes, £10m of recurrent savings have been delivered against the £18m target during 2012-13. The balance was addressed through further efficiencies in primary care prescribing and non-recurrent measures following in year contract adjustments and use of other non-recurrent funds.

A number of the QIPP schemes commenced in 2012/13 are set to deliver efficiency savings during 2013/14 which give the CCG a head start against its new year target of £11m.

Greater East Midlands Commissioning Support Unit (GEM CSU)
During 2012/13, the PCT also supported the creation of the local office of the Greater East Midlands Commissioning Support Unit.

Commissioning Support Units have been created as the most efficient and cost-effective way of providing excellent 'at scale' commissioning support activities. This allows Clinical

Commissioning Groups (CCGs) to maximise their investment in frontline healthcare services and to improve health outcomes.

GEM CSU is one of the biggest Commissioning Support Units in the country, serving 20 CCGs, with a population of around 5 million.

Healthier Together

NHS Milton Keynes has been a fully involved partner in 'Healthier Together', a commissioner-led review of local health services across the South East Midlands region, covering Bedfordshire, Luton, Milton Keynes and Northamptonshire.

In the year since its launch, the Healthier Together programme has carried out invaluable work;

- More than 200 clinicians have collaborated in six clinical working groups
- Through communications and engagement activities, Healthier Together has come into direct contact with more than 12,000 local patients and residents and indirect contact with many tens of thousands more.

The programme now has an extensive bank of clinical evidence and local knowledge about how to meet the health challenges of the present and future.

This current phase is now complete and the work of the Clinical Senate and the six clinical working groups has concluded with the publication of their reports.

From April 2013, the next phase of the programme will be taken forward more locally in the north and south of the region, with Clinical Commissioning Groups and hospitals working together to find the right solutions for their local populations. These will be based on the principles established by Healthier Together, including the commitment to providing more care closer to home.

This will enable each area to move at a pace that reflects their own local issues, including closer working partnerships between Milton Keynes Hospital and Bedford Hospital.

The challenges that face our healthcare system remain:

- The population is increasing and people are living longer.
- There are significant shortages of skilled and experienced clinicians in several key disciplines – including A&E and maternity services.
- The NHS – in common with all UK public services – is under financial constraint.

That is why all the partner organisations remain committed to continuing the work of Healthier Together.

Health and Wellbeing Board

The Shadow Health and Wellbeing Board in Milton Keynes acts as an advisory body to the Council's Cabinet, NHS Commissioning Board and Clinical Commissioning Group in the context of relevant sections of the Health and Social Care Bill.

The Shadow Health and Wellbeing Board will continue to act as Shadow until the formal constitution of the Health and Wellbeing Board in April 2013.

In support of this the Shadow Board has:

- Developed and implement a Communication and Engagement strategy for the work of the Board, including how the Board will be influenced by stakeholders and the public, including hard to reach groups and how the Board will discharge the specific duties with respect to consultation and engagement on service changes
- Represented Milton Keynes in relation to health and wellbeing issues at local, sub regional, national and international level, influencing and negotiating on behalf of members of the Board and working closely with the LINk/HealthWatch.
- Discussed issues of mutual interest and concern, including key cross cutting issues, gathering and sharing examples of good practice.

The Health and Wellbeing Board (HWB) is required to develop a Health and Wellbeing Strategy for Milton Keynes through collaborative working between public agencies and civil society organisations (voluntary and community organisations). The HWB is responsible for ensuring that the commissioning decisions taken by these agencies reflect the priorities outlined in the Health and Wellbeing Strategy.

Following a public consultation, the first Joint Health and Wellbeing Strategy for Milton Keynes was published in November 2012. The collective aim of the Health and Wellbeing Strategy is to improve the opportunities for children and adults to enjoy a healthy, safe and fulfilling life.

The Key Principles and Strategic Priorities

Working in partnership, we will improve both the health and wellbeing of individuals and communities across Milton Keynes. We will focus on four key principles which are integral to this strategy:

- We will invest resources across all our communities in a way which aims to achieve similar outcomes for each. In doing so we want to ensure that we do all that is possible to reduce the unacceptable level of health inequalities between different communities within Milton Keynes
- To actively build on the strengths of communities (the 'asset' approach) and engage people within those communities in taking action
- To shift the budget allocation towards primary and secondary prevention and away from reactive and acute health and social care services
- To identify and respond to the needs of different groups within our population including, for example, black and minority ethnic groups (BME) groups, the hearing

and vision impaired, LGBT community (lesbian, gay, bisexual and transsexual) and those with learning disability.

Drawing from the Joint Strategic Needs Assessment Executive summary 2011-2012, Social Atlas 2011 and the Director of Public Health Annual Report 2010, we have identified three key strategic priorities to focus on during the period 2012-2015. The three key strategic priorities are:

1. To improve wellbeing
2. To reduce early deaths and tackle major diseases
3. To reduce health inequalities

We believe that by focussing on these priorities we can add years to life, tackle the issues that are relevant to both young and old and address inequalities in both the short and long term. Overall we want to improve the opportunities for adults and children to enjoy a healthy, safe and fulfilling life.

Membership
The membership of the Shadow Health and Wellbeing Board is as follows:

Chair: Cllr Debbie Brock
Vice-Chair: Dr Nicola Smith
Accountable Officer of the Clinical Commissioning Group: Dr Nicola Smith
Director Adult Social Care: Lynda Bull
Director of Children's Services: Gail Tolley
Director of Public Health: Dr Nick Hicks
Healthwatch representative: Alan Hastings
Voluntary sector representative Jane Palmer
Leader of the Council: delegated to Cllr Brock
Portfolio holder (Adults, Older Years and Health): Cllr Debbie Brock
Portfolio holder (Children's Services and Lifelong Learning): Cllr Andy Dransfield
Chair Health and Adult Social Care Select Committee: Cllr Nigel Long
Vice Chair Health and Adult Social Care Select Committee: Cllr Christine Zealley
Member of Health and Adult Social Care Select Committee: Cllr Alice Bramall
Chair Children's and Young People Select Committee: Cllr Robin Bradburn
Vice Chair Children's and Young People Select Committee: Cllr Norman Miles and Cllr Gerald Small

Others by invitation (for example): Council, Primary Care Trust and Care Commissioning Group Directors, Service Providers, Expert witnesses, NHS Commissioning Board, Other Public Sector Services (Probation, Police etc), Voluntary and Community Sector representatives as appropriate

Performance and quality

Our core purpose was the delivery of improved quality for our patients, by improving safety, effectiveness and patient experience.

The NHS Operating Framework set out the national priorities for 2012-13. In order to improve services for patients, four key themes were identified:

- putting patients at the centre of decision making in preparing for an outcomes approach to service delivery, whilst improving dignity and service to patients and meeting essential standards of care;
- completion of the last year of transition to the new system, building the capacity of emerging clinical commissioning groups (CCGs) and supporting the establishment of Health and Wellbeing Boards so that they become key drivers of improvement across the NHS;
- increasing the pace on delivery of the quality, innovation, productivity and prevention (QIPP) challenge; and
- maintaining a strong grip on service and financial performance, including ensuring that the NHS Constitution right to treatment within 18 weeks is met which included maintaining performance on key waiting times, continuing to reduce healthcare associated infections and improving the overall patient experience.

The delivery of national performance standards is fundamental to NHS Northamptonshire's ability to deliver its strategic goals and ensure full implementation of its strategic plan.

Key Department of Health national targets were monitored throughout the year and were reported on at Board meetings through the performance dashboard. Overleaf are the main targets with explanatory commentary.

NHS Milton Keynes

PERFORMANCE INDICATORS SUMMARY - COMMISSIONER VIEW			
Performance Dashboard		Commissioner - MK View	NHS Milton Keynes
National Quality Measures	Area	Indicator	Period
			YTD
Ensuring that people have a positive experience of care	A&E Total time	A&E <4hrs - including Minor Injury Units	91.4%
	Cancer 2 week waits	Cancer 2WW	96.8%
		Cancer 2WW - Breast Cancer	96.4%
	Mixed Sex Accommodation	Unjustified breaches	18
	Referral to Treatment and diagnostic waits (including incomplete pathways)	Diagnostic Test waiting times - % waiting 6 weeks or more	2.3%
		RTT - admitted % within 18 weeks	92.9%
		RTT - incomplete % within 18 weeks	95.3%
		RTT - non-admitted % within 18 weeks	98.7%
Preventing people from dying prematurely	Ambulance Quality	Cat A response within 19 mins - SCAS	95.0%
		Cat A response within 8 mins Red 1 - SCAS *	78.9%
		Cat A response within 8 mins Red 2 - SCAS	75.3%
	Cancer 31 day, 62 day waits	31 Day Waits	97.2%
		31-day subsequent Surgery waits	96.4%
		31-days Anti-Cancer Drug Regime Waits	96.9%
		31-days Radiotherapy Treatment Course Waits	98.1%
		62-day Cancer Waits	87.2%
		62-days from Screening Service referral	96.7%
		62-days Waits from decision to upgrade	95.0%
Public Health	Tier 1	Quality stroke care (% of people who spend 90% of time on stroke unit)	74.9%
		Quality stroke care (% TIA cases who are scanned and treated within 24hrs)	85.7%
	Tier 2	Smoking quitters (4 weeks)	1305
	Tier 3	Health checks	9.2%
Treating and caring for people in a safe environment and protect them from avoidable harm	Incidence of C. difficile	CDI	59
	Incidence of MRSA	MRSA	0

Cancer 2 week waits
Whilst it is desirable for all patients with suspected cancer or breast symptoms to be seen within two weeks of GP referral, the national target is 93%. Milton Keynes NHS exceeded all annual targets for 2012-13 being 96.8% for cancer and 96.4% for breast symptoms.

Referral to Treatment times
Patients should receive treatment within 18 weeks of referral from a GP with symptoms. All national targets for this were met for Milton Keynes patients in 2012/13.

Patients being admitted for treatment	92.9% against a target of 90%
Patients being treated without being admitted	98.7% against a target of 95%
Patients whose treatment is not yet completed	95.3% against a target of 92%

A&E Waiting
The target is at least 95% of patients should spend no more than four hours in A&E. This has not been achieved in Milton Keynes for 2012/13. Continued collaboration and partnership working across NHS and local authority organisations is focussed on returning this performance to the previous above target position in the first quarter of 2013/14.

Ambulance response times
Ambulance response times are targeted based on the graded urgency of the call out at the time the call is received. Urgent 8 minute response times were introduced nationally during 2012/13 and the 19 minute response times were in place in earlier years. Milton Keynes achieved all ambulance response targets.

CAT A response within 8 minutes RED 1	78.9% against a target of 75%
CAT A response within 8 minutes RED 1	75.3% against a target of 75%
CAT A response within 19 minutes	95.0% against a target of 95%

Mental Health Measures
MK NHS achieved national targets for mental health targets except for IAPT. Health and local authority partners continue to work together to ensure that all mental health targets are achieved across MK.

Mixed Sex Accommodation Breaches
The target is that, except where it is in the best interests of the patient, there should be no instances of mixed sex overnight accommodation. Any breach counts for every person affected and not as one incidence. There were 18 breaches affecting Milton Keynes patients nationally in 2012/13.

Diagnostic test waiting times
Patients should have to wait no more than 6 weeks for the results of diagnostic tests. This target was achieved for the first nine months of 2012/13 but in the last quarter some targets were not achieved.

Stroke care
The national target is that 81% of people who enter hospital with a stroke spend 90% of their time on a specialist stroke unit. Milton Keynes achieved 74.9% for the year. MK NHS

invested funds in an Early Stroke Rehabilitation Team (ESRT) to support early and appropriate discharge from the MK Acute Stroke Unit. Early activity data from the ESRT indicates that more people who have suffered a stroke are being effectively supported in a community setting. This is easing pressure on in patient acute units to improve access to the Acute Stroke Unit.

Incidence of MRSA and Clostridium Difficile

Targets are set nationally for MRSA and C Diff with a reducing target each year. There were no instances of MRSA (2 in 2011/12) affecting Milton Keynes patients in 2012/13. There were 59 cases of C Diff across all providers. MK Hospital Trust recorded 17(16 in 2011/12) incidents which is less than in 2011/12 but above the annual target of 14. MKs NHS continues to work toward eliminating healthcare acquired infections.

PERFORMANCE INDICATORS SUMMARY - PROVIDER VIEW

Performance Dashboard		All MK Providers View	Milton Keynes NHS FT		Milton Keynes CHS	
Domain	Area	National Quality Measures	Standard/ Plan	Period	Standard / Plan	Period
				YTD		YTD
Enhancing quality of life for people with long-term conditions	Mental Health Measures	Mental health measures - CR/HT			395	567
		Mental health measures - CPA			95%	96.2%
		Mental health measures - EI			28	28
		Mental Health Measures - IAPT			1200	1,027
Ensuring that people have a positive experience of care	A&E Total time	A&E <4hrs	95%	91.4%		
	Cancer 2 week waits	Cancer 2WW	93%	96.8%		
		Cancer 2WW - Breast Symptom	93%	95.8%		
	Mixed Sex Accommodation	Unjustified breaches*	0	17	0	0
	Referral to Treatment and diagnostic waits (including incomplete pathways)	Diagnostic Test waiting times - % waiting 6 weeks or more	1%	2.1%		
		RTT - admitted % within 18 weeks	90%	91.0%		
		RTT - incomplete % within 18 weeks	92%	95.4%		
		RTT - non-admitted % within 18 weeks	95%	99.0%		
Preventing people from dying prematurely	Cancer 31 day, 62 day waits	31 Day Waits	96%	98.0%		
		31-day subsequent waits Surgery	94%	98.8%		
		31-days Anti-Cancer Drug Regime Waits	98%	100.0%		
		31-days Radiotherapy Treatment Course Waits	94%	100.0%		
		62-day Cancer Waits	85%	89.9%		
		62-days from Screening Service referral	90%	97.2%		
Treating and caring for people in a safe environment and protect them from avoidable harm	Incidence of C. difficile	CDI	0	17		
	Incidence of MRSA	MRSA	0	0		
	VTE Assessments	VTE risk assessment	90%	96.0%		

Domain	Area	Local Measures			Standard/Plan	Period	
						YTD	
Ambulance Service	Ambulance Clinical Quality	CAT A response within 8 minutes Red 1			75%	78.9%	
		CAT A response within 8 minutes Red 2			75%	75.3%	
		CAT A response within 19 minutes			95%	95.0%	
		Handover Compliance				89.7%	

* Please note split with Red 1 and 2 started in June 12 therefore QTD and YTD reflects figures only from June onwards.

PUBLIC HEALTH INDICATORS SUMMARY			
Public Health Dashboard		NHS Milton Keynes	
Area	Indicator	Standard/Plan	Period
			YTD
Tier 1	Quality stroke care (% of people who spend 90% of time on stroke unit)	81%	74.9%
	Quality stroke care (% TIA cases who are scanned and treated within 24hrs)	67%	85.7%
Tier 2	All age all cause mortality rate per 100,000 population (males)	516.52	658.28
	All age all cause mortality rate per 100,000 population (females)	461.24	476.67
	< 75 CVD Mortality rate per 100,000 population	60.65	64.96
	< 75 Cancer Mortality rate per 100,000 population	108.63	107.1
	Smoking (4 wk quitters)	570	1305
	Prevalence of Breast Feeding at 6-8 weeks	58.1%	52.0%
	Maternity 12 weeks access	90.3%	98.0%
	Teenage Pregnancy rate per 1000 population	33.2	21.7
	% Children in Reception with height and weight recorded who are obese	9.5%	10.4%
	% Children in Reception with height and weight recorded	95%	93.7%
	% Children in Year 6 with height and weight recorded who are obese	17.0%	19.1%
	% Children in Year 6 with height and weight recorded	86%	94.5%
	Immunisation DTaP/IPV/Hib Aged 1	95.0%	95.2%
	Immunisation PCV Aged 2	95.0%	93.7%
	Immunisation Hib/Men C Aged 2	95.0%	93.0%
	Immunisation MMR Aged 2	95.0%	93.3%
	Immunisation DTaP/IPV Aged 5	93.0%	93.4%
	Immunisation MMR 2nd Dose Aged 5	93.0%	92.2%
Tier 3	NHS Health Check – No. offered	6.3%	9.2%
	Hospital admissions for alcohol related harm per 100,000 population		1837

Advice and Information Service

The aim of NHS Milton Keynes and Northamptonshire's Advice and Information Service is to provide a seamless, accessible, flexible approach to capturing and responding to feedback, enquiries, comments, concerns, compliments and complaints from the local population. The service is accessible with a free phone telephone number and one leaflet with a paragraph translated into our top seven languages. We have also provided the information in easy read formats. All the information and feedback we receive helps us to improve NHS Northamptonshire's services.

The number of enquiries received for 2012-13 totalled 487 mainly relating to GP, GP boundary areas, dentists and GP registration. There were 2 written concerns handled in 2012/13 relating to GP services. In addition, 21 MP enquiries were handled by the team and responded to by the Chief Executive. MP enquiries mainly related to funding issues.

A total of 69 complaints were received in 2012-13. The majority of complaints reported were related to primary care services, in particular GP and dental practices.

NHS Milton Keynes and Northamptonshire's Complaints Policy and Procedures reflects the Health Service Ombudsman's Principles for Remedy. The Complaints Policy provides consistent arrangements for making complaints across health and social care.

Our workforce

The average number of whole time equivalent staff employed by NHS Milton Keynes in 2012-13 was 187. The table below shows the percentage of days lost through staff sickness in 2012/13.

	NHS Milton Keynes
Wte days lost	**10,197**
Staff sickness absence rate	**10.2%**

Involving staff

NHS Milton Keynes and Northamptonshire began communicating with staff about the transition in May 2012. This was by means of regular HR bulletins and via a dedicated page on the local staff intranet.

In May 2012 staff were communicated with via individual letter advising that they were 'affected by change'. Staff designated 'affected by change' in PCT received 'restricted' access to vacant positions within the new 'Receiver' organisations.

People Transition arrangements

A consultation was launched in September which ran from 26 September 2012 – 25 October 2012. Staff were given the opportunity to comment on the consultation either through 1:1 conversations with their line managers or via an email inbox.

A number of Consultation Engagement Events took place during the following 30 days as the PCT worked together with the emerging 'Receiver' organisations to build a clearer picture of structures moving forward.

A national job matching exercise took place in line with the National Transition Framework (2011) with Function experts and unions accessing both Department of Health generic job descriptions together with local Role Content Specifications for individuals.

Partnership Forum

The PCT worked collaboratively during this period of change with their partnership unions - Unison, BMP, RCN and MiP. Regular meetings took place with discussions regarding terms and conditions of employment and the staff movements during the People Transition as we moved into the new NHS architecture.

The forum remains a positive step in strengthening the working relationship between management and the unions for the benefit of all staff employed by NHS Milton Keynes and Northamptonshire.

Support for staff

During the People Transition a full programme of outplacement support was offered to all staff regardless of the status of their employment. This included:

- Interview training
- CV building workshop
- Stress relief workshop
- Confidence Building workshop
- Pensions and retirement seminars
- Networking/job search workshop

These sessions were offered during September 2012 to March 2013 and were free of charge for all staff.

Training and Development

A programme of training was provided for staff in line with appraisal responses. These were ad hoc as well as group training. For example:

- Microsoft package training for MS Word/MS Excel and MS Powerpoint at beginners and intermediate levels;
- Telephone Technique training;
- Art of Amazing Service; and
- Minute Taking workshops.

In addition to the above a programme of Customer Focus training was delivered to a cohort of 24 senior staff.

Mandatory Training

As an organisation we actively promote online mandatory training via the Electronic Staff Record (ESR). All new starters are provided with username and password and are required to complete a suite of training modules including; infection control, information governance, health and safety, diversity and inclusion, manual handling and fire safety. For those staff with direct contact with vulnerable adults or children they are required to complete additional appropriate modules.

In addition to the online method of learning we also offered classroom facilitated training in Information Governance.

Employee Wellbeing - thrive

In addition to the formal training we also continued to provide a more holistic approach to wellbeing of our staff through our health and wellbeing programme, *thrive*. The programme is in its fourth year and has continued to deliver a variety of activities, thus promoting physical, mental and emotional wellbeing.

Apprentices

The organisation has continued to support the Apprenticeship programme for young people (aged 16-24) and have seen a further five apprentices being enrolled onto NVQ level 2 in Business Administration - two into Continuing Healthcare, one each into Estates and Facilities, Nene CCG and Information Management and Technology.

This new cohort of apprentices were regularly supported as they work to achieve their relevant qualifications and gain essential work experience.

Human Resources policies

NHS Milton Keynes and Northamptonshire's Human Resources policies are available on request.

Equality and diversity

NHS Milton Keynes and Northamptonshire are committed to providing equal access to health services for all groups and communities as well as promoting equality, diversity and human rights. We will do this by identifying and overcoming barriers to access and inclusion across the range of health services commissioned.

We will promote and champion a culture of diversity, fairness and equality for all our employees, potential employees, service users, carers and members of the public. We will do this by valuing and celebrating individual difference and acknowledging potential contribution to the continued development of the organisation which will in turn improve the services we commission.

Single Equality Scheme (SES)

NHS Milton Keynes and Northamptonshire has an SES encompassing all six equality strands – race, disability, gender, age, sexual orientation and religion/belief. This scheme covers the whole local health economy of Milton Keynes and Northamptonshire.

Information Governance Serious Untoward Incidents (SUIs)
The PCT adheres to the Department of Health Policy, Checklist for reporting, managing and investigating information governance serious untoward incidents. Gateway ref:13177. There have been no incidents reported in year 2012/13 classified as serious incidents.

Information - As a public service, NHS Milton Keynes complies with the Treasury's guidance on setting charges for information.

Health and safety

A strong safety culture is important in order to protect the wellbeing of our patients and staff. A joint Health and Safety Committee oversees and monitors a full programme of fire, health and safety and security audits and reports on health and safety performance. A key role of the Committee is to ensure that the work of staff is underpinned by appropriate policies and guidelines and that up-to-date information is sent out to staff. Any significant risks are escalated to the Risk Group with a comprehensive action plan to mitigate and manage those risks.

Health and Safety training is mandatory for all staff, covering a range of areas including moving and handling, asbestos awareness, fire and infection control. We employ the services of a local security management specialist to provide advice and support on security and personal safety issues. All staff have access to occupational health and counselling services.

Protecting health through emergency planning
Emergencies take many forms, from severe weather conditions and flooding to transport crashes, local outbreaks of infectious diseases or pandemics. Planning for such incidents forms an important part of the work of NHS Milton Keynes.

Under the Civil Contingencies Act 2004 we are required to:

- Assess the risk of emergencies occurring and use this information to inform planning
- Put into place emergency plans
- Put into place business continuity arrangements
- Make arrangements for information to be made available to the public about civil protection matters, including warning, informing and advising the public in the event of an emergency
- Share information with other local responders
- Co-operate with other local responders to enhance co-ordination and efficiency
- We are also the local lead agency for assessing risks that have a direct impact on the health of the public (e.g. pandemic flu, heatwave and outbreaks of infectious disease).

The Trust has maintained a major incident plan, and lead on the development of a PCT Cluster major incident plan with supporting on-call procedures.

Our Public Health directorate also works closely with the HPA to ensure the safety of the public. The HPA aims to protect people from infectious diseases, to prevent harm when

hazards involving chemicals, poisons or radiation occur and to help prepare for new and emerging threats, such as a bio-terrorist attack or a virulent new strain of disease.

Working with local and national colleagues, our Health Resilience Partnership Director is developing and embedding Emergency Preparedness, Resilience and Response arrangements across the local health economy ahead of the 2013 handover to CCGs. The Local Area Team of the NHS Commissioning Board takes on the category 1 responder role from April 2013, with the local CCGs becoming category 2 responders from the same date.

Sustainability Report

The mandate for sustainability reporting

Sustainability has been recognised at a national level as an integral part of delivering high quality healthcare efficiently[1]. The Department of Health Manual for Accounts[2] states that all NHS bodies are required to produce a Sustainability Report (SR) as part of their wider Annual Report, covering their performance on greenhouse gas emissions, waste management, and use of finite resources, in line with HM Treasury guidance. Furthermore, Monitor encourages NHS foundation trusts to also include this information as part of their annual reporting[3].

A framework for reporting sustainability information as part of the annual NHS financial reporting process has been developed by the NHS SDU and the Department of Health, to support Trusts in meeting the above mandate and to help monitor how every NHS organisation contributes towards meeting the national target of a 10% cut in NHS-wide carbon emissions by 2015, and a 34% cut in the overall national carbon footprint by 2020, the latter enshrined in the Climate Change Act[4].

Many leading trusts are already reporting on their sustainability performance, not only because this is now mandatory[5], but also because careful use of natural resources demonstrates good financial management. NHS organisations are also keen to show progress made against strategic commitments and achieve high standards of good corporate citizenship within their community.

The key principle behind this type of reporting is that it provides trusts with an opportunity to demonstrate how sustainability has been used to drive continuous environmental, health and

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[1] NHS SDU: http://www.sdu.nhs.uk/publications-resources/34/Sustainable-Development-in-Annual-Reports/
[2] Chapter 2, Section 2.8, in DH (2012). *Manual of Financial Accounts* 2012/13.
[3] Page 98, in Monitor (2012). *NHS Foundation Trust Annual Reporting Manual 2012-13*. Available at: http://www.monitor-nhsft.gov.uk/home/news-events-and-publications/our-publications/browse-category/guidance-foundation-trusts/mandat-1

[4] A summary of the UK Climate Change Act (2008) key implications for the NHS is available at: http://www.sdu.nhs.uk/documents/publications/1232893824_kmNp_3_summary_of_the_main_provisions_of_the_climate_c.pdf#search=%22climate%20dhange%20act%22
[5] Source: http://www.sdu.nhs.uk/sd_and_the_nhs/reporting.aspx

wellbeing improvements in their organisation, and in doing so, unlock money to be better spent on patient treatment and care. Sustainability reporting which is published also enables trusts to showcase their achievements with staff, patients and other stakeholders, providing an opportunity to inspire positive behaviours in the wider community. Furthermore, once established across the board, trust-wide reporting can constitute a transparent, comparable and consistent framework for assessing their own environmental and benchmark it against that of other trusts and public sector bodies, a commonplace practice in the private sector.

Our performance to date

The MK PCT Carbon Management Programme was approved in 2010. It established a 2007/08 baseline of 1875 CO^2 tonnes for the organisation. The baseline measured only CO^2 generated from Buildings & Energy (1832 CO^2t 2007/08), Transport (36 CO^2t), and Water (7 CO^2t). An ambitious target was set to achieve a 30% reduction in CO^2 tonnes by 2012/13 (down to 1312 CO^2t). At present we estimate that we will fall short of this target by 2012/13.

We estimate that we have successfully reduced our Carbon Footprint by 18% to date (down to 1539 CO^2t) and that given sufficient funding we will achieve the full 30% target by the end of 2014/15.

Next steps

With the impending demise of NHS Milton Keynes, support was given to Milton Keynes CCG in drafting their Sustainable Development Management Plan as an integral part of their CCG accreditation process. Each SDMP sets out three aims:

- An action plan for delivering the organizations sustainability objectives
- The metrics that will be used to monitor and review the delivery of the plan
- The governance and accountability arrangements for ensuring that the plan is delivered and the benefits realized.

Much of the work that has been carried out to date has been physical improvements to buildings such as improved thermal insulation, low energy lighting upgrades, replacement boilers, and upgraded heating controls. The next steps involve engaging with staff and patients to increase awareness. There is a huge enthusiasm amongst staff to improve performance in areas such as recycling, reducing printing costs and lowering energy usage.

Full details of the PCTs sustainability reporting are included in Annex 1 to the Annual Report.

Financial Review

The information in the 2012/13 summary statements shown in our annual report has been taken from the audited accounts. As such, they might not contain sufficient information for a full understanding of the trust's financial position and performance. A full set of the audited accounts, together with the full statement of directors' responsibility in respect of internal control is available the Department of Health.

The PCT has prepared its financial statements for 2012-13 on a full IFRS (International Financial Reporting Standards) basis in accordance with NHS Treasury and the Department of Health directions.

2012-13 Annual Accounts for NHS Milton Keynes

NHS Milton Keynes is responsible for ensuring that the funding received for local health services is spent effectively and with a focus on achieving good value for money. The summary financial statements and commentary that follow provide a picture of the results for the year ended 31 March 2013.

NHS Milton Keynes began 2012-13 with a financial surplus brought forward from 2011-12 of £505,000. NHS East Midlands, the Strategic Health Authority, provided NHS Milton Keynes with a control total for the 2012-13 financial year of £2,600,000 underspent. This formed Milton Keynes' part of the overall control total for NHS East Midlands.

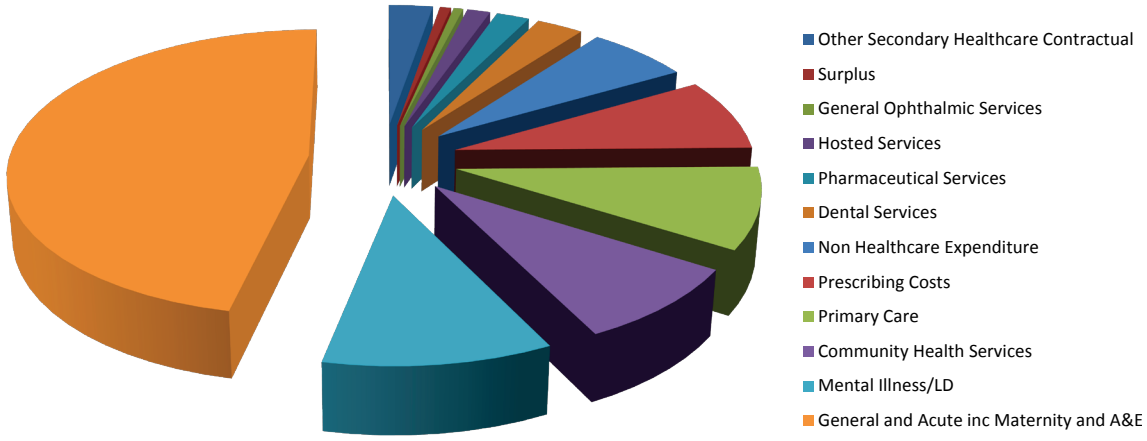
Financial Targets

NHS Milton Keynes has the following financial targets:

Statutory Target	**Our Performance**
To achieve the operational financial plan	Revenue resource limit underspent by £2,618,000 which was £18,000 over plan
Administrative Targets	**Our Performance**
To remain within the capital resource limit	Capital resource limit underspent by £280,000
To ensure all invoices are paid in line with the Better Payments Practice Code (BPPC)	93% of non-NHS invoices paid within 30 days against a target of 95% (see below for full performance details)

In meeting its overall financial target, NHS Milton Keynes spent its money in the following way.

2012-13 Analysis of Healthcare



As in previous years, there were significant pressures within the local acute hospitals, caused by rising demand for services, particularly emergency admissions. In total, the PCT's commissioning budgets for hospital and community services were £13m overspent by the end of the financial year, a position which was managed through the redeployment of resources including the release of contingency provisions and reserves and the deferment of investment in strategic developments.

The following table shows a summary of some of the key data with regards to Milton Keynes' activity in 2012-13.

No. of elective spells	**20,894**
No. of emergency admissions	**30,749**
No. of day cases	**6,154**
No of GP referred outpatient first attendances	**83,917**
No. of A&E attendances	**59,411**

NHS
Milton Keynes

STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR YEAR ENDED 31 MARCH 2013

	2012-13 £000	2011-12 £000
Administration Costs and Programme Expenditure		
Gross Employee Benefits	**11,659**	11,325
Other Costs	**380,819**	371,411
Income	**(15,755)**	(12,083)
Net Operating Costs Before Interest	**(376,723)**	370,653
Investment Income	**(9)**	(7)
Other (Gains)/Losses	**33**	22
Finance Costs	**0**	49
Net Operating Cost for the Financial Year	**376,747**	370,717

NHS
Milton Keynes

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013

	31 March 2013 £000	31 March 2012 £000
Non-Current Assets:		
Property, Plant and Equipment	**30,817**	31,095
Intangible Assets	**51**	105
Other Financial Assets	**146**	146
Total Non-Current Assets	**31,014**	31,346
Current Assets:		
Inventories	**0**	101
Trade and Other Receivables	**6,435**	5,496
Cash and Cash Equivalents	**15,569**	3,800
Total Current Assets	**22,004**	9,397
Non Current Assets Held for Sale	**0**	0
Total Current Assets	**22,004**	9,397
Total Assets	**53,018**	40,743
Current Liabilities:		
Trade and Other Payables	**(29,443)**	(24,100)
Provisions	**(367)**	(612)
Total Current Liabilities	**(29,810)**	(24,712)
Non-Current Assets Plus/Less Net Current Assets/Liabilities	**23,208**	16,031
Non Current Liabilities:		
Provisions	**(1,326)**	0
Total Non-Current Liabilities	**0**	0
Total Assets Employed	**21,882**	16,031
Financed by Taxpayers' Equity:		
General Fund	**11,250**	3,265
Revaluation Reserve	**10,632**	12,766
Total Taxpayers' Equity	**21,882**	16,031

NHS
Milton Keynes

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
For the Year Ended 31 March 2013

	General Fund £000	Revaluation Reserve £000	Other Reserves £000	Total Reserves £000
Balance at 1 April 2012				
Changes in Taxpayers' Equity for 2012-13	3,265	12,766	0	**16,031**
Net Operating Cost for the Year	(376,747)	0	0	**(376,747)**
Net Gain on Revaluation of Property, Plant & Equipment	0	314	0	**314**
Net Gain on Revaluation of Assets Held for Sale	0	(26)	0	**(26)**
Impairments and Reversals	0	(1,219)	0	**(1,219)**
Transfers Between Reserves	1,203	(1,203)	0	**0**
Total Recognised Income and Expense for 2012-13	(375,544)	(2,134)	0	**(377,678)**
Net Parliamentary Funding	383,529	0	0	**383,529**
Balance at 31 March 2013	**11,250**	**10,632**	**0**	**21,882**

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NHS
Milton Keynes

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2013

	2012-13 £000	2011-12 £000
Cash Flows from Operation Activities		
Net Operating Cost Before Interest	**(376,723)**	(370,653)
Depreciation and Amortisation	**2,164**	1,905
Impairments and Reversals	**178**	543
Interest Paid	**0**	(25)
(Increase)/Decrease in Inventories	**101**	(53)
(Increase)/Decrease in Trade and Other Receivables	**(939)**	(3,063)
Increase/(Decrease) in Trade and Other Payables	**5,495**	6,693
Provisions Utilised	**(38)**	(614)
Increase/(Decrease) in Provisions	**1,119**	83
Net Cash Outflow from Operating Activities	**(368,643)**	(365,184)
Cash Flows from Investing Activities		
Interest Received	**9**	6
(Payments) for Property, Plant and Equipment	**(3,453)**	(990)
Proceeds of Disposal of Assets Held for Sale (PPE)	**327**	0
Net Cash Outflow from Investing Activities	**(3,117)**	(984)
Net Cash Outflow Before Financing	**(371,760)**	(366,168)
Cash Flows from Financing Activities		
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT	**0**	(35)
Net Parliamentary Funding	**383,529**	371,230
Net Cash Inflow from Financial Activities	**383,529**	371,195
Net Increase in Cash and Cash Equivalents	**11,769**	5,027
Cash and Cash Equivalents at Beginning of the Period	**3,800**	(1,227)
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies	**0**	0
Cash and Cash Equivalents at Year End	**15,569**	3,800

Operational Financial Balance

NHS Milton Keynes has a statutory obligation to achieve its operational financial plan. For 2012-13, the planned underspend was £2,600,000, in line with the control total agreed with NHS Midlands and East. This was delivered in full during the financial year, maintaining NHS Milton Keynes' sound financial footing.

The table below shows NHS Milton Keynes' performance against the operational financial balance duty for 2012-13 and 2011-12.

	2012-13 £000	2011-12 £000
Revenue Resource Limit	**379,365**	371,222
Net Operating Cost	**376,747**	370,717
Underspend for Period	**2,618**	505

Within the 2012-13 financial year there have been a number of items which have impact upon this financial position or which have resulted in a significant item of expenditure or saving. Most significantly, the PCT has experienced considerable over-performance against budget around its secondary care commissioning activity. This occurred in relation to both NHS and non-NHS services, and led to the requirement for savings to be identified and delivered in year to ensure financial balance.

Capital Resources

NHS Milton Keynes has a financial target to remain within its Capital Resource Limit. In 2012-13, NHS Milton Keynes' capital resource limit was £3,221,000. Following capital expenditure in year of £2,941,000, this gave an underspend against the Capital Resource Limit of £280,000. In comparison, for 2011-12 NHS Milton Keynes had a limit of £2,157,000 and spent £915,000 resulting in an underspend of £1,242,000. As at 31 March 2013 NHS Milton Keynes did not have any capital commitments (31 March 2012 was £439,000).

Management of Financial Resources

In order to most effectively manage the financial resources of NHS Milton Keynes, approved budgets are delegated to budget holders on an annual basis, in line with NHS Milton Keynes' Standing Financial Instructions (SFIs). Budget holders are responsible for the performance of budgets under their control, and these are monitored and reported upon on a monthly basis to both the budget holders and NHS Milton Keynes and Northamptonshire Cluster Board and its Committees. This enables early identification of financial pressures and risks within the system and allows corrective action to be taken as necessary.

In 2012-13 commissioning budgets were delegated to the CCGs who have been developing their own governance structure underneath the overarching NHS Milton Keynes and Northamptonshire Cluster Board.

Financial risk is also monitored using the above processes, with identified risks quantified and addressed clearly within the body of Cluster Board papers. Risk in the broader sense is also monitored via NHS Milton Keynes and Northamptonshire's Audit Committee, which reviews and monitors performance against financial, operational and organisational risks identified during audit processes. Further information on the Audit Committee is provided below.

Asset Management

As at 31 March 2013, NHS Milton Keynes held fixed assets of £30,868,000 (£31,200,000 as at 31 March 2012). These assets support NHS Milton Keynes in achieving its objectives through providing premises and equipment (including IT hardware and software) to enable NHS Milton Keynes and local NHS services to carry out their core duties.

In addition to these assets, NHS Milton Keynes leases a range of buildings and equipment. More detail on both the fixed assets, operating leases and finance leases held by NHS Milton Keynes is available in the Annual Accounts.

Cash Management and Liquidity

Every year NHS Milton Keynes receives a cash allocation, known as the cash limit, which represents the total cash available to NHS Milton Keynes in year. Department of Health and HM Treasury cash management guidance states that this should not be drawn down before it is needed, that PCTs should not hold excessive bank balances at the end of any accounting period and the PCTs must fully spend their cash limit in year. For 2012-13, NHS Milton Keynes had a cash limit of £383,528,000 (2011-12 £372,512,000) and as at 31 March 2013, NHS Milton Keynes held cash and cash equivalents of £15,569,000, an increase of £11,769,000 on the previous year.

For 2012-13, NHS Milton Keynes' cash management ensured that there was sufficient cash to pay its creditors and no payments were delayed due to liquidity. Information on NHS Milton Keynes' performance against the Better Payments Practice Code (BPPC) is presented later in this report.

Other Resources

The main non-financial resource employed by NHS Milton Keynes' is the staff body which comprised 200 average whole time equivalents (WTEs) in 2012-13 (170 average WTEs in 2011-12). These figures are calculated using the average WTE worked across the year based on a calculation of actual days worked. In total NHS Milton Keynes spent £11,659,000 on staffing costs in 2012-13. NHS Milton Keynes takes the development and welfare of its human resource seriously and during the year a number of activities have taken place to help develop and support staff in their duties. More detail on staff costs is provided below.

Value for Money

NHS Milton Keynes actively seeks value for money in all its business activities. As part of our continuing review of organisational efficiency, NHS Milton Keynes has reviewed all key areas of commissioned services and has identified a range of schemes and policies to promote best value for money. These include the introduction of benchmarking to measure

best practice against peer organisations, the use of performance information in identifying and improving areas of inefficiency and a number of demand management schemes to ensure that patients are treated in the most appropriate setting.

Charitable Funds

As a result of PCTs ceasing to exist on 31 March 2013, action was taken during 2012-13 to transfer the trusteeship of the Charitable Funds to Bedford Hospital NHS Trust. The Trust will continue to manage the funds on behalf of the fund managers to the benefit of the local health economy.

Pooled Budgets

NHS Milton Keynes hosts a pooled budget for the commissioning of mental health services in partnership with Milton Keynes Council. NHS Milton Keynes also contributes to pooled budgets hosted by Milton Keynes Council for community equipment services and learning disabilities services.

Audit Committee

NHS Milton Keynes and Northamptonshire's Audit Committee, a committee of NHS Milton Keynes and Northamptonshire Cluster Board, comprises Non Executive Directors John Eaton (Committee Chair), Paul Bevan (until September 2012), Susan Hills, Peter Kara and Peter Kelby (from October 2012).

Audit sub-committee

In accordance with the guidance and Terms of Reference provided by the DH, an Audit sub-committee was established as a sub-committee of the Department of Health Audit and Risk Committee. The sub-committee's period of tenure is 1 April 2013 to 30 June 2013 and it consists of three members, all former Non-Executive Directors of the Cluster; John Eaton (Chair), Professor William Pope and Susan Hills. The remit of the sub-committee is to review and provide assurance on the annual report, financial statements and governance statement prior to signing by the Accountable Officer and Director of Finance.

External Audit

NHS Milton Keynes' external auditors for the year ending 31 March 2013 were Ernst & Young LLP.

Audit Services

Statutory audit and services carried out in relation to the statutory audit for 2012-13 were £125,000.

Better Payment Practice Code

NHS Milton Keynes' policy is to comply with the CBI Prompt Payment Code and the Government accounts rules. These state that the timing of payment should be stated in any contract. Where this is not the case, departments should pay within 30 days of receipt of goods and services or upon presentation of a valid invoice, whichever is later.

Performance against this target is stated below.

	Number	£000s
Non-NHS Creditors		
Total Bills Paid in the Year	10,784	47,236
Total Bills Paid Within Target	10,032	40,213
Percentage of Bills Paid Within Target	**93.03%**	**85.13%**
NHS Creditors		
Total Bills Paid in the Year	3,738	296,858
Total Bills Paid Within Target	3,416	293,056
Percentage of Bills Paid Within Target	**91.39%**	**98.72%**

The PCT transferred to a new accounting system on 1 April 2012 which resulted in some invoice processing delays during the first quarter of the financial year. These early problems were overcome as the year progressed but the legacy of the initial delays distorted the overall annual performance resulting in a dip in Non-NHS Creditors Percentage of Bills Paid Within Target to 85.13% (2011-12 93.11%). The comparative performance to 31 May 2013 is 99.53%.

Accounting Conventions including Estimation Techniques
The accounts have been prepared under the historic cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and liabilities.

Critical accounting judgements and key sources of estimation uncertainty
In the application of the NHS Milton Keynes' accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts 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. 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 affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies
The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

PCT Clustering
NHS Milton Keynes and NHS Northamptonshire clustered in 2011-12 to form a joint management structure. Recharges have been applied between the two PCTs to reflect the costs of the management structure apportioned on a capitation basis.

Key sources of estimation uncertainty
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Bad Debt Provision
The Bad Debt provision at 31 March 2012 was £90,000 (as at 31 March 2011: £32,000) and was based on all non NHS outstanding following a review of all amounts over 3 months old.

Prescribing Creditor
Prescribing expenditure data is received from the Prescription Pricing Division (PPD) of the NHS Business Services Authority two months in arrears. Therefore at the end of the financial year, the PCT has taken an accrual for the likely prescribing costs for February and March. The accrual is based on the PPD's forecast spend for the PCT for the financial year 2012-13.

Work in Progress/Partially Completed Spells
NHS Milton Keynes has recognised liability in the accounts in relation to activity which is partially completed as at 31 March 2012. For 2012-13 the total amount recognised is £1,478,561.

Estimation Techniques for Accruals
Included within the accounts are a number of accruals which NHS Milton Keynes has had to take a view on the likely level of liability. The main areas of assumption concern the Prescribing creditor (detailed above) and final levels of activity completed by the PCT's healthcare providers as at 31 March 2013. Because of the time lag in receiving actual activity data, NHS Milton Keynes agreed the level of accrual required with the main providers, Milton Keynes General Hospital NHS Foundation Trust. Smaller accruals were based on commitment accounting i.e. where goods or services were received on or before 31 March 2013, an accrual was taken for the expected liability.

Continuing Healthcare Provision & Contingency
In March 2012 the DH announced the introduction of a deadline for individuals to request an assessment of eligibility for NHS Continuing Healthcare funding for the period 1 April 2004 to 31 March 2012 following which, the PCT has been inundated with requests for reviews. Given the high level of requests received it will take a long time to evaluate whether these assessments will translate into claims.

In respect of the new assessment requests received in response to the DH announcement the PCT has received 269 enquiries which are currently being assessed. The PCT has taken a provision against these requests for retrospective assessment based on the expected value of claims arising from the total number of requests received. The value of the provision at 31 March 2013 is £1,326,000.

Interest Costs and Interest Rate Changes
NHS Milton Keynes did not incur any Finance Costs in 2012-13 (£49,000 in 2011-12) due to the cessation of the PCT having any Finance Leases. Any interest rate would be embedded within the financing of the asset therefore NHS Milton Keynes has minimal exposure from

the fluctuations of interest rates.

Cashflows

The main source of funding for NHS Milton Keynes is allocations (Parliamentary Funding) from the Department of Health within an approved cash limit which is credited to the General Fund. Parliamentary funding is recognised in the financial period in which the cash is received. NHS Milton Keynes is obliged to remain within its cash limit for any given financial year and for 2012-13 the cash limit was £383,528,000 which was not exceeded.

In addition to the Cash Limit, NHS Milton Keynes receives miscellaneous revenue which is income that relates directly to the operating activities of the PCT. It principally comprises fees and charges for services provided on a full cost basis to external customers, as well as public repayment work.

Staff Costs

The average number of whole time equivalent staff employed by NHS Milton Keynes in 2012-13 was 200, an increase of 30 on the previous year. The increase was due to a build up of staff in the new successor organisations, particularly CCGs, prior to assuming full responsibility on 1 April 2013. This combined with the demising PCTs retaining staff to 31 March 2013 to manage the transition, accounted for the increase. Staff retained for the transition were then released early in 2013-14 reducing the spike in headcount. Costs associated with employing those staff were as follows:

	2012-13 £000	2010-11 £000
Employee Benefits		
Salaries and Wages	**9,429**	9,174
Social Security Costs	**666**	701
Employer Contributions to NHS Pension Scheme	**759**	1,003
Termination Benefits	**805**	447
Total Employee Benefits	**11,659**	11,325
Staff Sickness Absence	**2012-13 Number**	2011-12 Number
Total Days Lost	**10,197**	10,000
Total Staffing Years	**1,002**	1,210
Average Working Days Lost	**10.18**	8.26

Running Costs	Commissioning Services	Public Health	Total
PCT Running Costs 2012-13			
Running Costs (£000s)	**8,817**	**1,231**	**10,048**
Weighted Population (number in units)*	**220,080**	**220,080**	**220,080**
Running Costs per head of Population (£ per head)	**40.06**	**5.59**	**45.66**

* Weighted Population numbers 2012-13

Weighted population figures are not available for 2012-13 as the weighted capitation formula for PCTs was not updated for 2012-13. This was because it was decided to give all PCTs the same percentage growth in their allocations in the transitional year rather than differential growth based on a weighted capitation formula. Therefore, 2011-12 weighted populations have been used when calculating the Running Costs per head of population in 2012-13.

PCT Running Costs 2011-12			
Running Costs (£000s)	9,952	1,403	11,355
Weighted Population (number in units)	220,080	220,080	220,080
Running Costs per head of Population (£ per head)	45.22	6.37	51.59

NHS Pension Scheme

The NHS Pension Scheme is an unfunded, defined benefit scheme that covers NHS employers and other bodies. The scheme is accounted for as a defined benefit scheme and the cost is equal to the contributions payable to the scheme for the accounting period. Further information can be found in the full set of accounts. The annual NHS Pension Scheme can be viewed at www.nhsba.nhs.uk/pensions.

Remuneration Report

The remuneration report contains details of the significant interests, salaries and expenses of the Board of NHS Milton Keynes.

Remuneration and Terms of Services Committee – membership:

William Pope – Chair
John Eaton – Non Executive Director
Peter Kara – Non Executive Director

Significant interests
A number of our Board members belong to organisations or agencies with which NHS Northamptonshire does business. These organisations and agencies have received payments from NHS Milton Keynes and include:

Dr Sarah Whiteman, Medical Director: Stonedean Practice - Partner

Disclosure of information to auditors
Each director has stated that as far as he/she is aware there is no relevant audit information of which the NHS body's auditors are unaware and he/she has taken all the steps that he/she ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the NHS body's auditors are aware of that information.

Policy on remuneration of senior managers
The Remuneration and Terms of Services Committee sets the salary for all directors. All other staff remuneration rates are set nationally.

Summary of policy on duration of contracts, notice periods and termination payments
NHS Milton Keynes adheres to Agenda for Change terms and conditions for duration of contracts, notice periods and termination of payments. NHS Milton Keynes' Chief Executive is recruited through national advertisement and is appointed by the Chair. The Executive Directors have been recruited through local and national advertisement and were appointed by the Chief Executive and Chair.

Details of service contract with each senior manager who has served during the year
Executive Directors (including the Chief Executive) have permanent contracts, which include a notice period of three months. NHS Milton Keynes' Remuneration and Terms of Service Committee, a committee of the Board, determines payment and terms of service for senior managers in accordance with national Very Senior Managers guidance. Executive Directors are subject to the standards set out in NHS Milton Keynes' Standing Orders, Code of Conduct and Human Resources policies.

Explanation of any significant awards
There have been no significant awards made between 1 April 2012 and 31 March 2013.

Senior Managers' Remuneration
The following tables contain details of the Directors' salaries and allowances from 1 April 2012 to 31 March 2013. Following the clustering arrangement of NHS Northamptonshire and NHS Milton Keynes, a new cluster wide Board was established on 1 July 2011. Details of the total salary costs of the Cluster Board members is included together with the proportion of their costs charged to NHS Milton Keynes' accounts. The basis for the apportionment of the costs

is on weighted capitation resulting in 73.2% being charged to NHS Northamptonshire and 26.8% being charged to NHS Milton Keynes.

Directors' Salaries and Allowances for the Period 1 April 2012 to 31 March 2013

NHS Milton Keynes and NHS Northamptonshire Cluster Board	2012-13 Total Salary				NHS Milton Keynes Share			
	Salary (bands of £5,000) £000	Other Remuneration (bands of £5,000) £000	Bonus Payments (bands of £5,000) £000	Benefits in Kind (Rounded to nearest £00) £00	Salary (bands of £5,000) £000	Bonus Payments (bands of £5,000) £000	Bonus Payments (bands of £5,000) £000	Benefits in Kind (Rounded to nearest £00) £00
Paul Bevan - Non Executive Director (until 30 September 2012)	0 - 5	0	0	0	0 - 5	0	0	0
Marvele Brown - Non Executive Director	5 - 10	0	0	0	0 - 5	0	0	0
John Eaton - Non Executive Director	10 - 15	0	0	0	0 - 5	0	0	0
Tansi Harper - Non Executive Director (from 1 January 2012 until 30 September 2012)	0 - 5	0	0	0	0 - 5	0	0	0
Dr Nick Hicks - Director of Public Health (Milton Keynes)	215 - 220	0	0	0	215 - 220	0	0	0
Susan Hills - Non Executive Director	5 - 10	0	0	0	0 - 5	0	0	0
Professor Stephen Horsley - Director of Public Health (Northamptonshire)	150 - 155	0	0	0	0	0	0	0
Peter Kara - Non Executive Director	5 - 10	0	0	0	0 - 5	0	0	0
Peter Kelby - Non Executive Director (from 1 October 2012)	0 - 5	0	0	0	0 - 5	0	0	0
Jan Norman - Director Nursing (until 31 December 2012)	75 - 80	0	0	0	20 - 25	0	0	0
Professor John Parkes - Chief Executive (until 30 September 2012)	90 - 95	0	0	0	20 - 25	0	0	0
Professor William Pope - Chair	35 - 40	0	0	0	10 - 15	0	0	0
Gill Scoular - Director of Finance (until 30 September 2012)	65 - 70	0	0	0	15 - 20	0	0	0
Dr Sarah Whiteman - Medical Director	75 - 80	0	0	0	20 - 25	0	0	0
Diana Wright - Non Executive Director (from 1 October 2012)	0 - 5	0	0	0	0 - 5	0	0	0

As part of the changes in the NHS, the Directors for the National Commissioning Board Local Area Teams (LAT) were appointed during 2012-13 and in October 2012, the Directors of the LAT where appointed as the Directors of the NHS Milton Keynes and NHS Northamptonshire Cluster. Under the direction of the National Commissioning Board, it was agreed that salary costs for the LAT Directors would be hosted by their current PCTs and that there would not be any recharges across other PCTs in the LAT area. Therefore, no charge is made to the NHS Milton Keynes and NHS Northamptonshire Cluster for the costs associated with Jane Halpin (Accountable Officer) or Chris Ford (Director of Finance). All other costs of the Cluster are apportioned across NHS Milton Keynes and NHS Northamptonshire on a weighted capitation basis. With the exception of Professor Stephen Horsley who was solely the Director of Public Health for Northamptonshire. The percentages applied are NHS Milton Keynes 26.8% and NHS Northamptonshire 73.2%.

NHS
Milton Keynes

Directors' Pension Benefits for the Period 1 April 2012 to 31 March 2013

NHS Milton Keynes and NHS Northamptonshire Cluster Board	Real increase in pension at age 60 (bands of £2,500) £000	Real increase in pension lump sum at aged 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2013 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2013 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2013 £000	Cash Equivalent Transfer Value at 31 March 2012 £000	Employer Contribution to the Real increase in Cash Equivalent Transfer Value £000	Employer's contribution to stakeholder pension £000
Paul Bevan - Non Executive Director (until 30 September 2012)	Non Pensionable							
Marvelle Brown - Non Executive Director	Non Pensionable							
John Eaton - Non Executive Director	Non Pensionable							
Tansi Harper - Non Executive Director (from 1 January 2012 until 30 September 2012)	Non Pensionable							
Dr Nick Hicks - Director of Public Health (Milton Keynes)	10 - 12.5	30 - 32.5	90 - 95	270 - 275	1,842	1,513	141	0
Susan Hills - Non Executive Director	Non Pensionable							
Peter Kara - Non Executive Director	Non Pensionable							
Peter Kelby - Non Executive Director (from 1 October 2012)	Non Pensionable							
Jan Norman - Director Nursing (until 31 December 2012)	0 - 2.5	2.5 - 5	40 - 42	125 - 130	837	735	28	0
Professor John Parkes - Chief Executive (until 30 September 2012)	0 - 2.5	0 - 2.5	80 - 85	250 - 255	1,695	1,547	19	0
Professor William Pope - Chair	Non Pensionable							
Gill Scoular - Director of Finance (until 30 September 2012)	0 - 2.5	0 - 2.5	50 - 55	155 - 160	950	852	15	0
Dr Sarah Whiteman - Medical Director	5 - 7.5	15 - 17.5	25 - 30	85 - 90	515	381	73	0
Diana Wright - Non Executive Director (from 1 October 2012)	Non Pensionable							

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of 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.

Exit Packages for Staff Leaving in 2012-13

	2012-13			2011-12		
Exit package cost band (including any special payment element)	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
	Number	**Number**	**Number**	Number	Number	Number
Lees than £10,000	**2**	**0**	**2**	7	0	7
£10,001 - £25,000	**3**	**0**	**3**	1	0	1
£25,001 - £50,000	**0**	**0**	**0**	4	0	4
£50,001 - £100,000	**1**	**0**	**1**	5	0	5
£100,001 - £150,000	**1**	**0**	**1**	2	0	2
£150,001 - £200,000	**0**	**0**	**0**	1	0	1
> £200,000	**1**	**0**	**1**	0	0	0
Total number of exit packages by type (total cost)	**8**	**0**	**8**	20	0	20
	£000	**£000**	**£000**	£000	£000	£000
Total resource cost	**736**	**0**	**736**	1,054	0	1,054

This note provides an analysis of Exit Packages agreed during the year. Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme. Where the PCT has agreed early retirements, the additional costs are met by the PCT 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 taken by staff leaving in the year. Note: The expense associated with these departures may have been recognised in part or in full in a previous period.

Pay Multiples

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 NHS Milton Keynes in the financial year 2012-13 was £217,500 (2011-12: £217,500). This was times 7.43 (2011-12: 7.87) the median remuneration of the workforce which was £29,288 (2011-12: £27,627). For staff whose costs are shared between NHS Northamptonshire and NHS Milton Keynes due to the clustering arrangements, only the proportion of the costs which are charged to NHS Milton Keynes are included in these calculations. The percentage of their costs charged has been determined using a weighted capitation basis resulting in 73.2% being charged to NHS Northamptonshire and 26.8% to NHS Milton Keynes.

In 2012-13 and 2011-12 no employee received remuneration in excess of the highest paid director.

For 2012-13 total remuneration includes salary, non-consolidated performance related pay and benefits in kind if applicable for PCT employees and payments made for agency staff . It does not include severance payments, employer pension contributions or the cash equivalent transfer values of pensions.

STATEMENT OF THE RESPONSIBILITIES OF THE SIGNING OFFICER OF THE PRIMARY CARE TRUST

The Department of Health's Accounting Officer designates the Signing Officer of the accounts of PCTs in England, an officer of the Department of Health, to discharge the following responsibilities for the Department, to ensure that for the year ended 31 March 2013:

- there were effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;
- value for money was achieved from the resources available to the primary care trust;
- the expenditure and income of the primary care trust had been applied to the purposes intended by Parliament and conform to the authorities which govern them;
- effective and sound financial management systems were in place; and
- annual statutory accounts are prepared in a format directed by the Secretary of State with the approval of the Treasury to give a true and fair view of the state of affairs as at the end of the financial year and the net operating cost, recognised gains and losses and cash flows for the year.

To the best of my knowledge and belief, I have properly discharged the above responsibilities, as designated Signing Officer and through experience in my role as Accountable Officer until 31 March 2013.

Signed.....Designated Signing Officer

Name:

Date.....

GOVERNANCE STATEMENT 2012-13

NHS Northamptonshire (5PD)

1. INTRODUCTION

This year has been a year of transition, with the PCT successfully implementing the Health and Social Care Act 2012 that resulted in the abolition of the PCT on 31 March 2013. There has been a shift in focus from the clustering of NHS Northamptonshire and NHS Milton Keynes in 2011-12 to working with and transitioning to the newly established successor health bodies.

The Clustering arrangements established during 2011-12 remained in place during 2012-13 with the operation of a single executive team for the two PCTs and a single Board directing the business of both PCTs. This Statement will reflect and highlight those areas of joint enterprise and those where the PCTs are required to report separately on matters affecting the individual legal entities.

One of the key governance changes that occurred during the year was the establishment of the NHS Commissioning Board's Area Team (AT) for Northampton and Milton Keynes, which assumed the Executive responsibility for the PCT on 1st October 2012. The AT's Executive Directors have worked alongside the PCT's Non-Executive Board members to ensure the Cluster Board remained an effective vehicle for delivering the PCT's governance responsibilities.

2. SCOPE OF RESPONSIBILITY

Arising from the schemes of delegation approved by the Northampton PCT in 2011-12, the PCT's Board functions continued to be discharged during 2012-13 by a joint committee known as the Cluster Board. Therefore, any references to the Board within this document refer to the Cluster Board.

The Cluster Board, acting under delegated authority from the PCT Board, is accountable for internal control of the PCT. As Accountable Officer for this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the PCT and Cluster policies, aims and objectives. I also have responsibility for safeguarding the public funds and the PCTs assets for which I am personally responsible.

As the Accountable Officer for Northamptonshire Teaching PCT I am able to provide assurance that the PCT has in place robust accountability arrangements, not only for the discharge of my own responsibilities, but also in the achievement of performance targets and strategic objectives.

The PCT continued to be subject to reviews by the Midlands and East Strategic Health Authority (SHA). This is carried out via a combination of formal processes (e.g. annual and quarterly reviews) and service driven reviews of our clinical governance, finance and Operating Framework arrangements.

Through the establishment of the Clinical Commissioning Groups (CCGs) NHS Northamptonshire continued to work alongside other health and social care partners to operate within a Health Community Planning Framework, ensuring delivery of appropriate and wide ranging NHS Targets.

Throughout the year the CCGs have assumed more of the PCT's responsibilities in order to prepare them for full authorisation and statutory body status.

One such example is where the CCGs assumed the PCT's relationships with Local Strategic Partners within the Northamptonshire locality, and took ownership of the joint targets for the improvement of Health Outcomes. Other examples include; the adoption of recommendations from the Director of Public Health Report, the development of sustainable community strategies at County and District level, and joint production of the Joint Strategic Needs Assessments.

There continued to be close collaborative working with the County Council as part of the implementation of 'Liberating the NHS' with regular scheduled meetings at senior officer level. There is also County Council membership of Regional Transition Networks, and representation at the steering groups for the transition of public health functions.

The PCT was represented at collaborative meetings that were held throughout the year including; Health and Wellbeing Boards; local government including local councils; all relevant CCGs (COO and GPs); and other agencies including local key providers (Mental Health, Acute Hospital etc), LINks (progressing to HealthWatch), and the University of Northampton.

A significant element of these collaborative meetings was dealing with the transfer of the public health functions, assets and resources to the County Council as part of the NHS reforms. This work was completed on schedule enabling the correct form of legal transfer to be enacted on 1st April 2013.

3. GOVERNANCE FRAMEWORK

Cluster Board

Throughout 2012/13 the Cluster Board has operated as a single entity with shared members on the Boards of both of the Cluster PCTs. In October 2012 the entire team of Executive Directors changed with the appointment of the NHS CB Area Team's Executive Director Team, which assumed the accountability and responsibility for the PCT's Executive Director functions.

During 2012-13 the Cluster Board met 11 times in total (full attendance records are available).

The Cluster Board has been effective in discharging the functions of the PCT Board. It has successfully steered the PCT through the changes and challenges brought about by the implementation of the NHS reforms, ensuring a smooth transition to the NHS Commissioning Board, CCGs and the Greater East Midlands Commissioning Support Unit (GEM CSU).

Cluster Board Sub-Committees

At the commencement of 2012-13 the Cluster Board had in place the following sub-committees:

- Joint Audit Committee
- Quality, Safety and Risk Committee
- Remuneration and Terms of Service Committee
- Finance and Resources Committee
- Nene CCG Board
- Milton Keynes CCG Board
- Corby CCG Board
- Transition & Closure Board
- Public Health Transition Group

From October 2012 onwards the Cluster also established, on behalf of the Cluster PCTs, a Transition and Closedown Board and Committee tasked with ensuring the closedown of both PCTs was carried out effectively and all that transferred to appropriate successor bodies was properly completed.

Joint Audit Committee
This committee was jointly established to act as a single committee on behalf of both PCTs under the Cluster's governance arrangements. It was constituted in line with the provisions of the NHS Audit Committee handbook and oversaw the audit of the 2011-12 accounts for PCTs, the internal and external audit plans and the risk management and internal control processes (financial and quality), including control processes around counter fraud. As part of the handover process a schedule of outstanding items resulting from the Cluster's internal audit programme was passed to the successor bodies.

During 2012-13 the Committee met 6 times and, in addition to the above, other key areas considered were:

- A series of reports on the Payments by Results Assurance Framework for the PCT;
- QIPP review follow-up work;
- Information Governance validation and
- Review and stress test the transition plans and risks.

Audit sub-committee
Audit Committee arrangements were also specified nationally to ensure that the essential scrutiny and governance function provided by an Audit Committee was retained, despite PCT closure.

In accordance with the guidance and Terms of Reference provided by the Department of Health an Audit sub-committee was established as a sub-committee of the Department of Health Audit and Risk Committee. The sub-committee's period of tenure is 1 April 2013 to 30 June 2013 with a membership of three who are all former Non-Executive Directors of the Cluster.

The remit of the sub-committee is to support the final accounts process, thereby providing a mechanism to provide appropriate assurance for the discharge of statutory responsibilities

Quality, Safety and Risk Committee
The Quality, Safety & Risk Committee played a critical role in establishing and regularly reviewing the Governance Framework of the Cluster, and in maintaining an overview of the progress towards the authorisation of CCGs and the Commissioning Support Unit. It also ensured the routine governance business of the Cluster was maintained during the transition period.

The Committee also played an important role in helping to manage the transition to the new NHS system by including representatives from each CCG, and considering regular update reports from the Public Health Transition Group and QIPP committee.

The Committee had an assurance role for the Cluster's performance across a wide range of targets and quality measures, including the CCGs' delivery of QIPP and other financial targets and the quality of plans to achieve them.

However, as part of a mid-year review of Cluster resources, systems and processes it was decided to stand the Committee down at the end of January 2013, partly in recognition of the increasing autonomy that the CCGs acquired as a result of their authorisation in December 2012 and January 2013.

Governance continued to be exercised in this transition by direct attendance at Cluster Board by the Chief Officers or Chairs of each CCG. At its final meeting, the Committee received a report on how its functions would be picked up by other committees or parts of the NHS system for the remainder of 2012-13 in order to maintain continuity in the scrutiny and monitoring of statutory functions and performance.

In total the Committee met 6 times prior to it being stood down at the end of January 2013.

QIPP Coordination and Assurance Group (QCAG)
The PCT established a QIPP Assurance Committee to oversee the PCTs QIPP programme for 2012-13. It was comprised of representatives from both the CCGs and the Cluster and provided a detailed review of QIPP plans, which were drilled down and managed at a CCG level. The group reported each month to the Quality, Risk & Safety Committee, which added a further level of scrutiny.

Transition and Closure Board
The Board established a Transition and Closedown Board in autumn 2012 and appointed a Director of Transition to act as chair.
The board has worked to a tight operational plan receiving monthly reports from a range of workstreams focussing on closing down and transitioning functions as appropriate. This work has been supported by a transition and close down risk register which was presented to and considered by the Transition Board. The remit of the board was to ensure:

- Successful closedown of the PCT;
- Support for the establishment of a range of new commissioning organisations;
- A seamless handover to receiving organisations; and

- Continuity of business as usual.

Senior staff attended the Transition Board and were appointed clear leadership roles for key functional transfers. Internal Audit was involved in the establishment and operational review of transition processes and significant assurance was provided that controls were adequate.

Completion of Handover and Closure Documents
The PCT has produced and published a hand-over document as required by the Midlands and East SHA, and this has informed much of the hand-over work to the CCGs and other new organisations created by the NHS reforms. To support this document a Library of Knowledge was established that stored all the supporting documents reference in the hand-over document, and will continue to be available for a period of time after the PCT has ceased to function.

Accounts Scrutiny and Sign-Off
The accountability arrangements for the 2012-13 financial accounts were in line with the nationally defined accounts scrutiny and sign off process. From 1st April 2013 when PCTs were abolished, Area Team Directors continued to discharge the responsibilities associated with the closedown, until completion. For the PCTs this entailed the set-up of local delivery teams to secure effective accounts preparation and managing the audit process. The AT Directors, as PCT Accountable officers, have responsibility for signing the accounts and the supporting statements.

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

- identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives; and
- 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 was in place at NHS Northamptonshire for the whole year ending 31st March 2013.

4. CAPACITY TO HANDLE RISK

The PCT Corporate Entity
For the period of this statement the PCT, as a corporate entity, vested all its capacity to handle risk in the systems and structures of the Cluster, and therefore for the purposes of this statement it will be the Cluster's capacity to handle risk that is described.

The Cluster
For the period up to 30th September 2012 the Cluster Chief Executive had ultimate responsibility for risk management and was held to account through the Cluster Board, the Quality, Risk & Safety Committee, and the Cluster Audit Committee for the effectiveness of

Cluster (and hence PCT) processes. For the period from 1st October 2012 to 31st March 2013 this responsibility passed to the Chief Executive of the NHS Commissioning Board's (NHS CB) Area Team for Northamptonshire & Milton Keynes. It is in this capacity that I am providing this statement.

Day to day responsibility for risk management was delegated to all Executive Directors of the Board with executive leadership being vested in the Cluster Director of Finance (up to 30th September 2012) and the NHS CB Area Team Director of Nursing and Clinical Quality from 1st October 2012, then the Transition Director from December 2012 to 31st March 2013.

In conjunction with these structures all appropriate staff were provided with training in the principles of risk management / assessment in order for them to manage and treat appropriate levels of risk within their designated authority and day to day duties.

Clinical Commissioning Groups

During 2012-13 the PCT, through the mechanism of the Cluster, has continued to support the development of four Clinical Commissioning Groups (CCGs) in Northamptonshire and Milton Keynes. Initially they were established as sub-committees of the Cluster Board but during 2012-13 all four of them successfully navigated the authorisation process and have been established as statutory bodies who will take on their full range of statutory responsibilities on 1st April 2013.

Throughout the year the following mechanisms were used to provide an environment in which risks could be identified and managed:

- Board to Board meetings between the Cluster Board and the Governing Bodies;
- CCG leaders attended Cluster Board meetings; and
- CCG leaders attended meetings of the Quality, Risk & Safety Committee.

Greater East Midlands Commissioning Support Unit (GEM)

In addition to supporting the development of the CCGs the Cluster has been actively involved in the establishment of the Greater East Midlands Commissioning Support Unit (GEM). Each Cluster within the GEM regional area established a Steering Group and an Operational Group to ensure that each Cluster received assurances on the establishment of GEM and the processes by which staff and assets would be transferred to the new body. Each area developed its own local risk register that fed into GEM's corporate risk register, which has been reviewed on a monthly basis by the Senior Management Team.

5. THE RISK AND CONTROL FRAMEWORK

Risk Management

The PCT adopted a revised Risk Management Strategy in September 2010. It was agreed at the Quality, Safety & Risk Committee that no further changes or revisions were required in 2012-13. The strategy outlined the Cluster's approach to risk and the manner in which it sought to eliminate and control all risks. Staffs at all levels of the organisation were able to identify and record risk, with appropriate levels of staff trained to evaluate and treat the risk accordingly.

Risk management was embedded in the activities of the organisation. Through its main sub-committees (CCG Boards, Governance Committee, and Audit Committee) and line management structures, the PCT was able to ensure accountability for risk at all levels of the organisation.

By ensuring that all staff were made aware of their responsibilities for both governance (all elements) and health and safety, a substantial amount of progress was made towards ensuring ownership of risk by staff. Staff were engaged in providing monthly updates on risks relevant to their area of responsibility to inform the Quality, Safety & Risk Committee and Board in a timely manner.

A key output from the risk management system was that each month the Cluster Board received a report on the high scoring corporate risks that impacted on the successful achievement of the Cluster's strategic objectives. In addition, the Quality, Safety and Risk Committee received monthly reports on the high scoring risks, and those due for a review in that month.

Major risks identified for 2012/13

- As a result of the PCT's risk management process it was able to identify the following as its major risks for 2012-13:

- Lack of capability and capacity due to loss of key staff/ experience/ skills has resulted in an inability to deliver business as usual within the cluster and to create an effective CSU. This was mitigated by an effective HR process that mapped current roles to positions within the new organisations and a combination of "lift and shift" and pooling, slotting and matching processes.

- The fragmentation of duties and uncertainty of responsibilities during transition leading to poor performance. This was one of the highest scoring risks at the beginning of the year, but as can be evidenced in this statement a comprehensive range of mechanisms and processes were put in place to ensure such fragmentation did not occur.

- The successful authorisation of the emergent CCGs allowing them to assume their new statutory responsibilities from 1st April 2013.

- Ensuring all staff were transferred to their new destination organisations by 31st December 2012, and that the number of redundancies were kept to an absolute minimum. There was a tightly managed HR process that achieved this by the due date, with letters setting out new employment arrangements post-1st April being issued to all affected staff.

- Successful delivery of the QIPP plan, and the savings identified within it. These savings were essential for balancing the PCT's finances and driving forward quality, innovation and efficiency.

Corporate Objectives and the Board Assurance Framework

The Board approved its Corporate Objectives for 2012-13 at its meeting in April 2012. The PCT's Assurance Framework was approved by the Quality, Safety & Risk Committee in June 2012, following an exercise to integrate CCG key strategic risks into the Cluster risk

portfolio. Adherence to the Assurance Framework allowed the PCT to identify its principal risks and the controls required to mitigate against them.

The framework was proactively reviewed by senior staff on a regular basis. The Quarter 4 Assurance Framework for 2012-13 was refocused to reflect the PCT's closedown and transition role and was authorised by the Cluster Board in March 2013.

Internal and External Audit
Both Internal and External Audit carry out independent reviews of systems and processes within the organisation. Recommendations and action plans are put in place following these reviews to ensure controls are safe and adequate, providing safeguard of assets and resources. Key risks highlighted in these reports are also added to the Cluster's Assurance Framework. Action plans are routinely tracked through the quarterly Audit Committee meetings.

Counter Fraud & Deterrence
During 2012-13 the PCT continued to commission a counter fraud service from RSM Tenon. The Local Counter Fraud Specialist regularly met with the Director of Finance to review the Counter Fraud plan and discuss cases. The LCFS also presented quarterly reports to the PCT's Audit Committee.

Information Governance
The Director of Finance was the Executive Lead on the Board for Information Governance and was also the Senior Information Risk Officer (SIRO).

The Caldicott Guardian was the Cluster Director of Nursing for the Northamptonshire & Milton Keynes PCTs.

Throughout 2012-13 work was undertaken to improve the PCT's compliance with the Information Governance Toolkit levels. This has strengthened the processes around mapping of information flows of personal data within the organisation and understanding the risks associated with records as they transfer to other organisations.

Data Security
At the PCT all Information Governance incidents are taken extremely seriously. These include incidents relating to person identifiable data loss, any breach of confidentiality, the insecure disposal of information and any other incidents where staff or patient information may have been at risk.

All staff are trained and encouraged to report all incidents and near misses to ensure we can investigate the reason for an incident occurring and take measures to prevent that incident happening again.

Appendix B of the Department of Health Guidance on Information Governance Assurance issued in May 2008 (Gateway reference 9912) only requires serious untoward data security breaches rated at level 3 or above to be declared in this statement. In 2012/-3 there were no reported serious incidents involving personal data.

There were no cases reported to the Information Commissioner in 2012-13.

Equality, Diversey and Human Rights

Control measures were in place to ensure that the organisation complied with its obligations under equality, diversity and human rights' legislation. The Director of Nursing led in this area on behalf of the Board

Equality and Inclusion (E&I) assurance reports, and relevant legal and Department of Health updates, have been presented to the Cluster Board, with operational E&I reports presented on a regular basis to the Quality, Safety & Risk Committee throughout the year. Action plans were in place to address identified gaps in control.

Following the adoption of the Equality Delivery System (EDS) in 2011-12 all committee reports included a section on how the report met the objectives of the EDS throughout 2012-13.

Sustainability

The Cluster has a Trust-wide commitment to reduce its carbon footprint from the 2008/09 baseline by 2013. A Sustainable Development Plan incorporating good practice and target Carbon Management Plans have been produced and approved by the Board.

The estate rationalisation programme has proved extremely successful and most of the surplus properties have now been disposed of further reducing the PCT's carbon footprint, saving money to ensure best use of limited resources and improving the standard of accommodation for staff. Multi-functional devices with the capability to copy, fax and print have now been rolled out to most PCT premises.

Clinical Commissioning Groups are developing a baseline position to allow the formulation of a Sustainable Development Management Plan for their future needs.

6. SIGNIFICANT ISSUES

There is only one significant issues arising in 2012-13 that warrants additional reporting in this statement which relates to Continuing Healthcare retrospective reviews.

In March 2012 the DH announced the introduction of a deadline for individuals to request an assessment of eligibility for NHS Continuing Care funding for the period 1 April 2004 to 31 March 2012 following which the PCT has been inundated with requests for reviews.

Given the high level of additional requests received it will take a long time to evaluate whether these reviews will translate into claims. This workload is in addition to the existing retrospective claims currently being processed.

The PCT has received more than 500 requests for assessment following the DH announcement and processing these requests is placing a significant strain on existing resource. The liability to settle claims arising from this exercise will pass to the CCGs as successor organisations. In view of the current uncertainty surrounding the level of liability

likely to emerge from this process this poses a significant financial risk to the receiving CCGs.

Additional resource is currently being redeployed into retrospective reviews and assessments to clear the backlog of work created by the DH announcement.

7. REVIEW OF EFFECTIVENESS

As Accountable Officer, I have responsibility for reviewing the effectiveness of the Cluster's governance systems. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of their annual programme of internal audit work.

The Head of Internal Audit's annual opinion on the system of internal control is based on an agreed programme of work undertaken throughout the financial year. This has resulted in a significant assurance opinion for the year. Executive Directors within the organisation, who have responsibility for the development and maintenance of the system of internal control, also provide me with assurance.

The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. The Framework for 2012-13 was actively managed and regularly reviewed by the Quality, Safety & Risk Committee and the Board. I am satisfied that the Framework reflected the key challenges faced by the organisation at the start of the business year, and that it appropriately reflected the development of the new NHS structures as the year progressed.

My review is also informed via assurances provided by:-

- NHS Midlands and East (Strategic Health Authority);
- KMPG (External Audit); and
- Internal Audit reviews

I have also been advised on the implications of the results of my review of the effectiveness of the system of internal control by the:-

- Cluster Board;
- Executive Team;
- Audit Committee; and
- The Quality, Safety & Risk Committee

The PCT had a robust process in place to allow ongoing maintenance and review of the effectiveness of the system of internal control. PCT Directors held day to day responsibility for ensuring that controls existed within their designated areas of responsibility.

Existence and robustness of controls was tested by the PCT's Auditors, with any identified weaknesses being reported to the Audit Committee, as appropriate.

Additional assurances were received during the course of the year in respect of the PCT's Assurance Framework and associated Action Plan, predominantly from the PCT's Internal Auditors.

There has been no evidence presented to myself or the Board to suggest that at any time during 2012-13 the PCT has acted outside of its statutory authorities and duties. The PCT has complied with the provisions of the Corporate Governance Code and there have been no incidents where non-compliance has taken place.

My review confirms that NHS Northamptonshire had a generally sound system of internal control that supported the achievement of its policies, aims and objectives throughout the year ended 31 March 2013.

Signed ……

Jane Halpin
Chief Executive, Area Team, Milton Keynes & Northamptonshire NHS Commissioning Board

Dated ……..

Appendix 1

NHS Milton Keynes – Summary of sustainability performance

Area (totals)		Performance (2008-09)	Performance (2009-10)	Performance (2010-11)	Performance (2011-12)
GHG emissions (tCO2e gross)		2,728	2,037	1,509	1,135
Energy in buildings	**Consumption** (1000x kWh)	7,983	6,391	5,193	3,633
	Expenditure (£)	£418,790	£339,917	£212,000	£200,821
Waste	**Amount** (tonnes)	25	27	54	35
	Expenditure (£)	£12,300	£80,962	£95,080	£71,231
Travel	**Mileage** (km)	*Not available*	*Not available*	*Not available*	3 months 122,036
	Expenditure (£)	*Not available*	*Not available*	*Not available*	3 months £35,086
Water	**Consumption** (m^3)	18,667	29,351	12,010	19,462
	Expenditure (£)	£38,982	£64,315	£23,420	£44,103

NOTES:

1. ***All figures featured in the table above were obtained from ERIC returns[6].***

2. ***This report has been prepared in accordance with guidelines laid down by HM Treasury's Financial Reporting Manual (FReM), available at: http://www.hm-treasury.gov.uk/frem_sustainability.htm***

3. Our GHG emissions accounting includes all Scope 1 and 2 emissions, along with Scope 3 emissions from water use and waste arisings. The scope 1 and 2 emissions include the wider carbon impact that is, direct emissions as a result of the combustion of fuel; and indirect emissions associated with the extraction and transport of fuel as well as the refining, distribution, storage and retail of finished fuels. These have all been calculated on an annual basis using the methodology in DEFRA and DECC (2009). *Guidance on*

[6] ERIC (Estates Return Information Collection) data are collected and published by the NHS Information Centre (IC) on the Hospital Estates and Facilities Statistics (HEFS) portal: http://www.hefs.ic.nhs.uk/

how to measure and report your greenhouse gas emissions. Available at: http://www.defra.gov.uk/environment/economy/business-efficiency/reporting/

4. Our GHG emissions accounting methodology uses the most recently published DEFRA and DECC GHG conversion factors for company reporting, in this case those of 2011, which are available at: http://www.defra.gov.uk/publications/2011/09/01/ghg-conversion-factors-reporting/

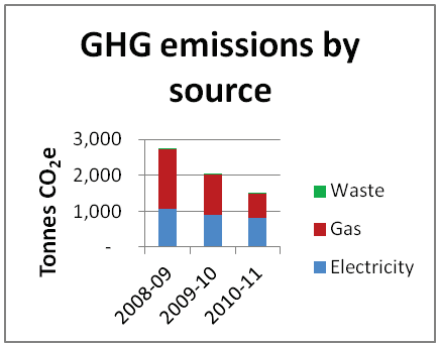
   Exceptions to this include:

   - Scope 3 Carbon Conversion Factors for waste: Based on ERPHO's calculations and assumptions for NHS Scope 3 emissions using the DH Carbon Indicator values:
     - High temperature disposal / incineration: 220 $kgCO_2e$ per tonne of waste
     - Landfill disposal: 243.9 $kgCO_2e$ per tonne of waste
     - Recycling: -1,335.60 $kgCO_2e$ per tonne of waste
     - Non-burn / alternative treatment: 71.7 $kgCO_2e$per tonne of waste

Source: NHS SDU and ERPHO, available at: www.sdu.nhs.uk/sd_and_the_nhs/measuring.aspx

NHS Milton Keynes - Sustainability Performance for year ended 31/03/11

Greenhouse Gas (GHG) Emissions		2008-09	2009-10	2010-11	2011-12
Non-Financial Indicators (tCO_2e)	**Total emissions *(Gross)***	2,728	2,037	1,509	1,135
	Scope 1 emissions	1,056	910	817	No data
	Scope 2 emissions	1,661	1,112	676	No data
	Scope 3 emissions	11	14	15	No data
Financial indicators (£k)	**Total expenditure on CRCEES**	*Not applicable*	*Not applicable*	*tbc*	tbc



GHG emissions by source over 3 years

TARGETS AND COMMENTARY

- As noted above, given the necessary funding, we have committed to reach our target of 1312 CO²t, a 30% reduction from our 2007/08 baseline by the end of 2014/15.

DIRECT IMPACTS COMMENTARY

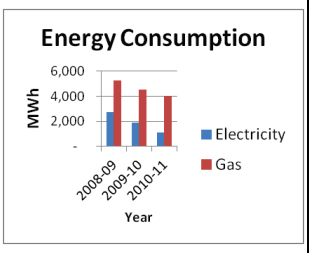
- Our core GHG emissions, as hereby reported, include those from buildings energy consumption, waste arisings, water and sewage. It currently excludes those from business mileage due to a lack of data availability.
- The Trusts GHG emissions are broken down above into scopes, following national guidelines for GHG accounting[7]:
- Scope 1 accounts for GHG emissions arising as a result of the use of gas to heat Trust-owned buildings and others from which it operate
- Scope 2 accounts for GHG emissions arising from the use of electricity supplied to all of Trust buildings, mostly to provide lighting and power equipment
- Scope 3 accounts for GHG emissions resulting from the management and disposal of all the Trust's waste arisings, and water usage,
- Total footprint has fallen by **45%** since 08-09 as a result of the successful targeted investment in our estate noted above.
- Given that the initial investments in the estate are already delivering reductions in our GHG emissions the continued reduction from these measures will begin to lessen.
- More focus will be given to the actions of staff and patients by raising awareness of practical measures that they can take to reduce GHG emissions

[7] http://www.defra.gov.uk/publications/2011/09/01/ghg-conversion-factors-reporting/

OVERVIEW OF INDIRECT IMPACTS

- The improvements in insulation, heating systems and heating controls in our sites has reduced the need for portable heating and air conditioning units.
- We will consider entering the Public Sector Sustainability Award competition to highlight the excellent work already carried out.
- We engage with both the local health community with regular meetings as well as the wider Milton Keynes Community using Patient groups.

Energy in buildings			2008-09	2009-10	2010-11	2011-12
Non-Financial Indicators (MWh)	Energy consumption	**Total consumption**	7,983	6,391	5,193	3,633
		Electricity	2,743	1,873	1,139	1,286
		Gas	5,240	4,517	4,053	2,346
Financial Indicators (£k)		**Total expenditure**	£419	£340	£212	£200
		Electricity				
		Gas				



Total buildings energy use by source

TARGETS AND COMMENTARY

Our commitment, given sufficient funding, is to reduce Building and Energy GHG to 1282 CO^2t by the end of 2014/15.

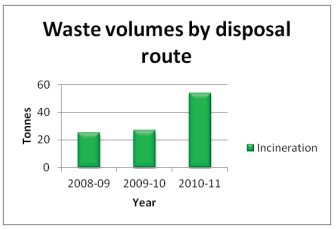
DIRECT IMPACTS COMMENTARY

- Electricity is the most carbon intensive energy source used by the trust .The trust has managed to reduce electricity use by 58% from 2008-09 thus making significant cost and carbon savings.
- The largest contributor of the Trust's Energy consumption is in its gas usage which accounted for 66% of the total energy consumption in 2008/09 and with falling electricity use, this rose to 78% in 10-11.
- New boilers have been installed in some sites in 2011 and this would show a reduction in gas usage.
- Total energy use has fallen by 35% since 08-09
- Investment in improved insulation, low energy lighting and replacement boilers has had a significant impact on the energy use and spend in our buildings.
- The impact of higher world energy prices has been mitigated to some extent by our involvement in the national NHS energy contracts which give us access to the most cost effective suppliers.

OVERVIEW OF INDIRECT IMPACTS

- Although we have been able to make significant savings in the energy used in our buildings, we recognise that as a community organisation we share premises with other organisations in Milton Keynes. These can include the local Authority and GP Practices. We are working closely with these partners to help and support their efforts to reduce their energy usage by sharing our expertise and advice on steps they can take.
- Given all of the changes that have been taking place in the NHS over the last 18 months we have not, perhaps, promoted the improvements that have been achieved sufficiently well. As the future NHS landscape becomes clearer we will turn our attention more to celebrating our success.

Waste minimisation and management		2008-09	2009-10	2010-11	2011-12
Non-Financial Indicators (tonnes)	Total (all waste) arisings	25	27	54	35
	Landfill	0	0	0	0
	Recycled	0	0	0	0
	Incineration	25	27	54	35
	Alternative Treatment	0	0	0	0
Financial Indicators (£k)	Total (all waste) disposal cost	£12	£81	£95	£71



Total waste arising over 3 years

TARGETS AND COMMENTARY

- Waste tonnages are based on the average weight per bag or sharps bin collected. In 2010/11 it was found that we had underestimated the average weight per bag/bin in earlier years. The volume of bags and bins remained similar but the tonnage increased. Given this data error our target for 2011/12 was to verify the accuracy of the volume collected and once reassured of this to develop a realistic reduction target for 2012/13.

DIRECT IMPACTS COMMENTARY

- Our waste contract is due for replacement in 2012/13. The new contract will be a regionally negotiated contract with other NHS Trusts and will target waste minimisation efforts, recycling and waste disposal via alternative treatment rather than incineration.
- Although a small proportion of our clinical waste is used as fuel in a CHP plant we will examine more efficient disposal methods in the new contract.

OVERVIEW OF INDIRECT IMPACTS

- We will look to move up the waste hierarchy by recycling and reusing more within our sites. We currently recycle our paper and cardboard but plan to increase our recycling efforts to include plastic, glass, and metals.
- We will work closely with MK FT to examine the feasibility of processing some of our waste using their CHP plant.
- Waste awareness training is included in all staff induction sessions.

Travel and transport		2010-11	2009-10	2008-09	2011-12
Non-Financial Indicators (1000x km)	**Total mileage**	*Not available*	*Not available*	*Not available*	3 months 122
	Owned & leased				5
	Grey fleet				12
	Rail				Not avail
	Air				0
	Taxi				Not avail
	Ferry				n/a
Financial Indicators (£k)	**Total expenditure**	*Not available*	*Not available*	*Not available*	3 months £35
	Owned & leased				0.3
	Grey fleet				Not avail
	Rail				Not avail
	Air				0
	Taxi				Not avail
	Ferry				n/a

TARGETS AND COMMENTARY

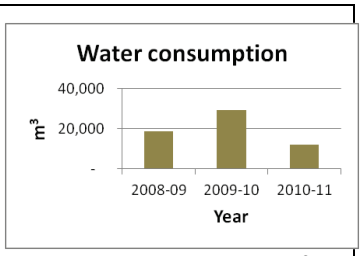
- The three months data available is for Jan – Mar 12 and follows the clustering of Milton Keynes PCT and Northamptonshire PCT with most staff moving to work in Northampton from November 2011. It includes staff travelling between the two locations and most travelling further to work.

DIRECT IMPACTS COMMENTARY

- Work has been undertaken on staff behavioural change with emphasis on car sharing, using conference calls and video conferencing rather than travelling to meetings.

OVERVIEW OF INDIRECT IMPACTS

Finite Resources		2008-09	2009-10	2010-11	2011-12
Non-Financial Indicators	Water consumption (m^3)	18,667	29,351	12,010	19,462
Financial Indicators (£k)	Total expenditure on water	£39	£64	£23	£44



Total water used (m^3) over 3 years

TARGETS AND COMMENTARY

- Water is one of the key finite natural resources used by the Trust on a daily basis.
- Our commitment is to reduce water usage GHG to 5 CO2t by the end of 2014/15, a 30% reduction on the 2007/08 baseline figures.

DIRECT IMPACTS COMMENTARY

- Although in the Trust water use and its associated impacts are proportionally much smaller than those of energy use, water is an essential natural resource which all divisions depend on to deliver services effectively, and hence managing its use effectively and minimising wastage is a priority.
- At the end of 2009/10 a major hospital site was vacated and this has had a significant impact on our overall water consumption since that time.
- Part of our estates investment has been on sub meters in our higher water usage sites. This has allowed us to more accurately measure our actual water use rather than base it on a percentage of the building occupancy.
- Further investment is planned on sub meters for the rest of the estate.

OVERVIEW OF INDIRECT IMPACTS

- Given that water shortages may increase in future years we will examine ways of further reducing water usage by collecting and recycling water and using ‘grey water’ methods for toilets etc.

Department of Health

NHS

Milton Keynes Primary Care Trust

2012-13 Accounts

Published to gov.uk, in PDF format only.

www.gov.uk/dh

Milton Keynes Primary Care Trust

2012-13 Accounts

FOREWARD TO THE ACCOUNTS

MILTON KEYNES PRIMARY CARE TRUST

These accounts for the year ended 31 March 2013 have been prepared by Milton Keynes Primary Care Trust under section 230(1) of the National Health Service Act 2006 in the form which the Secretary of State has, with approval of the Treasury, directed.

2012-13 Annual Accounts of Milton Keynes Primary Care Trust

STATEMENT OF THE RESPONSIBILITIES OF THE SIGNING OFFICER OF THE PRIMARY CARE TRUST

The Department of Health's Accounting Officer designates the Signing Officer of the accounts of PCTs in England, an officer of the Department of Health, to discharge the following responsibilities for the Department, to ensure that for the year ended 31 March 2013:

- there were effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;
- value for money was achieved from the resources available to the primary care trust;
- the expenditure and income of the primary care trust had been applied to the purposes intended by Parliament and conform to the authorities which govern them;
- effective and sound financial management systems were in place; and
- annual statutory accounts are prepared in a format directed by the Secretary of State with the approval of the Treasury to give a true and fair view of the state of affairs as at the end of the financial year and the net operating cost, recognised gains and losses and cash flows for the year.

To the best of my knowledge and belief, I have properly discharged the above responsibilities, as designated Signing Officer and through experience in my role as Accountable Officer until 31 March 2013.

Note – If the regularity opinion has been qualified because of a breach of a resource limit, insert at this point.
* except for capital/revenue expenditure in excess of resource limits which was not intended by Parliament and did not conform to the authorities which govern them.

nb: sign and date in any colour ink except black

Signed.....Jane Halpin.....Designated Signing Officer

Name: JANE HALPIN

Date....6.6.13....

2012-13 Annual Accounts of Milton Keynes Primary Care Trust

STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Primary Care Trusts as NHS bodies are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the primary care trust and the net operating cost, recognised gains and losses and cash flows for the year. From 1 April 2013 responsibility for finalising the accounts falls to the Secretary of State. Formal accountability lies with the Department of Health's Accounting Officer, and her letter of 28 March 2013 designated the Signing Officer and Finance Signing Officer, to discharge the following responsibilities for the Department in preparing the accounts:

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;

- make judgements and estimates which are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

- ensure that the PCT kept proper accounting records which disclosed with reasonable accuracy at any time the financial position of the primary care trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State.

- have taken reasonable steps for the prevention and detection of fraud and other irregularities.

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

By order of the Permanent Secretary.

nb: sign and date in any colour ink except black

6.6.13 Date ..... Signing Officer

6/6/13 Date ..... Finance Signing Officer

Independent auditor's report to the Accountable Officer for Milton Keynes Primary Care Trust (PCT)

We have audited the financial statements of Milton Keynes Primary Care Trust for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related Notes 1 to 41. The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

We have also audited the information in the Remuneration Report in the Annual Report that is subject to audit, being:

- The table of salaries and allowances of senior managers and related narrative notes on page 38
- The table of pension benefits of senior managers and related narrative notes on page 39-40
- The table of pay multiples and related narrative notes on page 41

This report is made solely to the Accountable Officer for Milton Keynes Primary Care Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 45 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Accountable Officer, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Signing Officer and Finance Signing Officer, and auditors

As explained more fully in the Statement of Responsibilities in respect of the accounts, the Signing Officer and Finance Signing Officer are responsible for overseeing the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- Whether the accounting policies are appropriate to the Primary Care Trust's circumstances and have been consistently applied and adequately disclosed
- The reasonableness of significant accounting estimates made by the Primary Care Trust

- The overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

In addition, we are required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on regularity

In our opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Milton Keynes Primary Care Trust as at 31 March 2013 and of its net operating costs for the year then ended; and
- have been prepared properly in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

Opinion on other matters

In our opinion:

- the part of the Remuneration Report subject to audit has been prepared properly in accordance with the requirements directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England; and
- the information given 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 report by exception

We report to you if:

- In our opinion the Governance Statement does not reflect compliance with the Department of Health's Guidance.
- We refer the matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because we have reason to believe that the Primary Care Trust, or an officer of the Primary Care Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency. Or

- We issue a report in the public interest under section 8 of the Audit Commission Act 1998

We have nothing to report in these respects.

Conclusion on the PCT's arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Primary Care Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance issued by the Audit Commission in November 2012. We have considered the results of the following:

- Our review of the Governance Statement
- The work of other relevant regulatory bodies or inspectorates, to the extent that the results of this work impact on our responsibilities at the Trust
- Our locally determined risk-based work

As a result, we have concluded that there are no matters to report.

Certificate

We certify that we have completed the audit of the accounts of Milton Keynes Primary Care Trust in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

M West

Mick West (Director)
for and on behalf of Ernst & Young LLP
Luton, Bedfordshire
10 June 2013

Statement of Comprehensive Net Expenditure for year ended 31 March 2013

	NOTE	2012-13 £000	2011-12 £000
Administration Costs and Programme Expenditure			
Gross employee benefits	7.1	11,659	11,325
Other costs	5.1	380,819	371,411
Income	4	(15,755)	(12,083)
Net operating costs before interest		**376,723**	370,653
Investment income	9	(9)	(7)
Other (Gains)/Losses	10	33	22
Finance costs	11	0	49
Net operating costs for the financial year		**376,747**	370,717
Net (gain)/loss on transfers by absorption		0	0
Net operating costs and transfer gains/losses for the financial year		**376,747**	370,717
Of which:			
Administration Costs			
Gross employee benefits	7.1	9,733	9,806
Other costs	5.1	8,549	5,382
Income	4	(8,225)	(3,827)
Net administration costs before interest		**10,057**	11,361
Investment income	9	(9)	(7)
Other (Gains)/Losses	10	0	0
Finance costs	11	0	1
Net administration costs for the financial year		**10,048**	11,355
Programme Expenditure			
Gross employee benefits	7.1	1,926	1,519
Other costs	5.1	372,270	366,029
Income	4	(7,530)	(8,256)
Net programme expenditure before interest		**366,666**	359,292
Investment income	9	0	0
Other (Gains)/Losses	10	33	22
Finance costs	11	0	48
Net programme expenditure for the financial year		**366,699**	359,362

Other Comprehensive Net Expenditure	2012-13 £000	2011-12 £000
Impairments and reversals put to the Revaluation Reserve	1,219	257
Net (gain) on revaluation of property, plant & equipment	(314)	(1,142)
Net (gain) on revaluation of intangibles	0	0
Net (gain) on revaluation of financial assets	0	0
Net (gain)/loss on other reserves	0	0
Net Gain /(loss) on Assets Held for Sale	26	0
Release of Reserves to Statement of Comprehensive Net Expenditure	0	0
Net (gain)/loss on available for sale financial assets	0	0
Net actuarial (gain)/loss on pension schemes	0	0
Reclassification adjustment on disposal of available for sale financial assets	0	0
Total comprehensive net expenditure for the year	**377,678**	369,832

Statement of Financial Position at 31 March 2013

	NOTE	31 March 2013 £000	31 March 2012 £000
Non-current assets:			
Property, plant and equipment	12	30,817	31,095
Intangible assets	13	51	105
Investment property	15	0	0
Other financial assets	21	146	146
Trade and other receivables	19	0	0
Total non-current assets		**31,014**	31,346
Current assets:			
Inventories	18	0	101
Trade and other receivables	19	6,435	5,496
Other financial assets	36	0	0
Other current assets	22	0	0
Cash and cash equivalents	23	15,569	3,800
Total current assets		**22,004**	9,397
Non-current assets held for sale	24	0	0
Total current assets		**22,004**	9,397
Total assets		**53,018**	40,743
Current liabilities			
Trade and other payables	25	(29,443)	(24,100)
Other liabilities	26,28	0	0
Provisions	32	(367)	(612)
Borrowings	27	0	0
Other financial liabilities	36.2	0	0
Total current liabilities		**(29,810)**	(24,712)
Non-current assets plus/less net current assets/liabilities		**23,208**	16,031
Non-current liabilities			
Trade and other payables	25	0	0
Other liabilities	28	0	0
Provisions	32	(1,326)	0
Borrowings	27	0	0
Other financial liabilities	36.2	0	0
Total non-current liabilities		**(1,326)**	0
Total Assets Employed:		**21,882**	16,031
Financed by taxpayers' equity:			
General fund		11,250	3,265
Revaluation reserve		10,632	12,766
Other reserves		0	0
Total taxpayers' equity:		**21,882**	16,031

The notes on pages 5 to 44 form part of this account

The financial statements on pages 1 to 4 were approved by the Audit Committee on 30 May 2013 and signed on its behalf

Designate Signing Officer Jane Halpin **Date** 6.6.13.

Statement of Financial Position at 31 March 2013

	NOTE	31 March 2013 £000	31 March 2012 £000
Non-current assets:			
Property, plant and equipment	12	30,817	31,095
Intangible assets	13	51	105
Investment property	15	0	0
Other financial assets	21	146	146
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Total non-current assets		**31,014**	31,346
Current assets:			
Inventories	18	0	101
Trade and other receivables	19	6,435	5,496
Other financial assets	36	0	0
Other current assets	22	0	0
Cash and cash equivalents	23	15,569	3,800
Total current assets		**22,004**	9,397
Non-current assets held for sale	24	0	0
Total current assets		**22,004**	9,397
Total assets		**53,018**	40,743
Current liabilities			
Trade and other payables	25	(29,443)	(24,100)
Other liabilities	26,28	0	0
Provisions	32	(367)	(612)
Borrowings	27	0	0
Other financial liabilities	36.2	0	0
Total current liabilities		**(29,810)**	(24,712)
Non-current assets plus/less net current assets/liabilities		**23,208**	16,031
Non-current liabilities			
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Other liabilities	28	0	0
Provisions	32	(1,326)	0
Borrowings	27	0	0
Other financial liabilities	36.2	0	0
Total non-current liabilities		**(1,326)**	0
Total Assets Employed:		**21,882**	16,031
Financed by taxpayers' equity:			
General fund		11,250	3,265
Revaluation reserve		10,632	12,766
Other reserves		0	0
Total taxpayers' equity:		**21,882**	16,031

Statement of Changes In Taxpayers Equity for the year ended 31 March 2013

	General fund	Revaluation reserve	Other reserves	Total reserves
	£000	£000	£000	£000
Balance at 1 April 2012	**3,265**	**12,766**	**0**	**16,031**
Changes in taxpayers' equity for 2012-13				
Net operating cost for the year	(376,747)	0	0	**(376,747)**
Net gain on revaluation of property, plant, equipment	0	314	0	**314**
Net gain on revaluation of intangible assets	0	0	0	**0**
Net gain on revaluation of financial assets	0	0	0	**0**
Net gain on revaluation of assets held for sale	0	(26)	0	**(26)**
Impairments and reversals	0	(1,219)	0	**(1,219)**
Movements in other reserves	0	0	0	**0**
Transfers between reserves	1,203	(1,203)	0	**0**
Release of Reserves to SoCNE	0	0	0	**0**
Net Gain/(loss) on transfers by absorption	0	0	0	**0**
Reclassification adjustment on disposal of available for sale financial assets	0	0	0	**0**
Net actuarial gain/(loss) on pensions	0	0	0	**0**
Total recognised income and expense for 2012-13	(375,544)	(2,134)	0	**(377,678)**
Net Parliamentary funding	383,529			**383,529**
Balance at 31 March 2013	**11,250**	**10,632**	**0**	**21,882**

Balance at 1 April 2011	1,876	12,756	0	14,632
Changes in taxpayers' equity for 2011-12				
Net operating cost for the year	(370,717)	0	0	(370,717)
Net gain on revaluation of property, plant, equipment	0	1,142	0	1,142
Net gain on revaluation of intangible assets	0	0	0	0
Net gain on revaluation of financial assets	0	0	0	0
Net gain on revaluation of assets held for sale	0	0	0	0
Impairments and reversals	0	(256)	0	(256)
Movements in other reserves	0	0	0	0
Transfers between reserves	876	(876)	0	0
Transfers to/(from) other bodies within the group	0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets	0	0	0	0
Net actuarial gain/(loss) on pensions	0	0	0	0
Total recognised income and expense for 2011-12	(369,841)	10	0	(369,831)
Net Parliamentary funding	371,230			371,230
Balance at 31 March 2012	3,265	12,766	0	16,031

Statement of Cash Flows for the year ended 31 March 2013

	2012-13 £000	2011-12 £000
Cash Flows from Operating Activities		
Net Operating Cost Before Interest	(376,723)	(370,653)
Depreciation and Amortisation	2,164	1,905
Impairments and Reversals	178	543
Other Gains / (Losses) on foreign exchange	0	0
Donated Assets received credited to revenue but non-cash	0	0
Government Granted Assets received credited to revenue but non-cash	0	0
Interest Paid	0	(25)
Release of PFI/deferred credit	0	0
(Increase)/Decrease in Inventories	101	(53)
(Increase)/Decrease in Trade and Other Receivables	(939)	(3,063)
(Increase)/Decrease in Other Current Assets	0	0
Increase/(Decrease) in Trade and Other Payables	5,495	6,693
(Increase)/Decrease in Other Current Liabilities	0	0
Provisions Utilised	(38)	(614)
Increase/(Decrease) in Provisions	1,119	83
Net Cash Outflow from Operating Activities	**(368,643)**	(365,184)
Cash flows from investing activities		
Interest Received	9	6
(Payments) for Property, Plant and Equipment	(3,453)	(990)
(Payments) for Intangible Assets	0	0
(Payments) for Other Financial Assets	0	0
(Payments) for Financial Assets (LIFT)	0	0
Proceeds of disposal of assets held for sale (PPE)	327	0
Proceeds of disposal of assets held for sale (Intangible)	0	0
Proceeds from Disposal of Other Financial Assets	0	0
Proceeds from the disposal of Financial Assets (LIFT)	0	0
Loans Made in Respect of LIFT	0	0
Loans Repaid in Respect of LIFT	0	0
Rental Revenue	0	0
Net Cash Outflow from Investing Activities	**(3,117)**	(984)
Net cash outflow before financing	**(371,760)**	(366,168)
Cash flows from financing activities		
Other Loans Received	0	0
Other Loans Repaid	0	0
Other Capital Receipts	0	0
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT	0	(35)
Net Parliamentary Funding	383,529	371,230
Capital Receipts Surrendered	0	0
Capital grants and other capital receipts	0	0
Cash Transferred (to)/from Other NHS Bodies	0	0
Net Cash Inflow from Financing Activities	**383,529**	371,195
Net increase in cash and cash equivalents	**11,769**	5,027
Cash and Cash Equivalents at Beginning of the Period	3,800	(1,227)
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies	0	0
Cash and Cash Equivalents at year end	**15,569**	3,800

1. Accounting Policies

The Secretary of State for Health has directed that the financial statements of PCTs shall meet the accounting requirements of the PCT Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2012-13 PCT Manual for Accounts issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the PCT Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the PCT for the purpose of giving a true and fair view has been selected. The particular policies adopted by the PCT are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

The PCT is within the Government Resource Accounting Boundary and therefore has only consolidated interests in other entities where the other entity is also within the resource accounting boundary and the PCT exercises in-year budgetary control over the other entity.

In accordance with the directed accounting policy from the Secretary of State, the PCT does not consolidate the NHS charitable funds for which it is the corporate trustee.

1.1 Accounting Conventions

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.

Acquisitions and Discontinued Operations
Activities are considered to be 'acquired' only if they are acquired from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one NHS body to another.

Critical accounting judgements and key sources of estimation uncertainty
In the application of the PCT's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts 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. 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 affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies
The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

PCT Clustering
Milton Keynes PCT and Northamptonshire Teaching PCT clustered in 2011-12 to form a joint management structure. Recharges have been applied between the two PCTs to reflect the costs of the management structure apportioned on a capitation basis.

Operating Segments
The PCT has identified four segments which meet reporting requirements, Cluster, Public Health, Milton Keynes CCG and Solutions for Public Health, a specialised public health service based in Oxford hosted by the PCT.

Key sources of estimation uncertainty
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1. Accounting policies (continued)

Bad Debt Provision
The Bad Debt provision at 31 March 2013 was £90,000 (as at 31 March 2012: £32,000) and was based on all non NHS outstanding debts, following a review of all amounts over 3 months old, where there is no known repayment plan in

Prescribing Creditor
Prescribing expenditure data is received from the Prescription Pricing Division (PPD) of the NHS Business Services Authority two months in arrears. Therefore at the end of the financial year, the PCT will need to take an accrual for the likely prescribing costs for February and March. The accrual is based on the PPD's forecast spend for the PCT for the financial year 2012-13.

Work in Progress/Partially Completed Spells
The PCT has recognised liability in the accounts in relation to activity which is partially completed as at 31 March 2013. For 2012-13 the total amount recognised is £1,478,561. For 2011-12 the comparative value was £1,515,000.

Estimation Techniques for Accruals
Included within the accounts are a number of accruals which the PCT has had to take a view on the likely level of liability. The main areas of assumption concern the Prescribing creditor (detailed above) and the final levels of activity completed by the PCT's healthcare providers as at 31 March 2013. Because of the time lag in receiving actual activity data, the PCT agreed the level of accrual required with its main provider, Milton Keynes General Hospital NHS Foundation Trust. Smaller accruals were based on commitment accounting i.e. where goods or services were received on or before 31 March 2013, an accrual was taken for the expected liability.

Continuing Healthcare

In March 2012 the DH announced the introduction of a deadline for individuals to request an assessment of eligibility for NHS Continuing Care funding for the period 1 April 2004 to 31 March 2012 following which the PCT has been inundated with requests for reviews. Given the high level of requests received it will take a long time to evaluate whether these assessments will translate into claims.

The PCT has received a total of 269 enquiries for retrospective assessment following the DH announcement which are currently under review. The PCT has taken a provision in respect these requests for retrospective assessment based on the expected value of claims arising from the total number of requests received. The value of the provision at 31 March 2013 is £1,326,000.

1.2 Revenue and Funding

The main source of funding for the PCT is allocations (Parliamentary Funding) from the Department of Health within an approved cash limit, which is credited to the General Fund of the PCT. Parliamentary funding is recognised in the financial period in which the cash is received.

Miscellaneous revenue is income which relates directly to the operating activities of the PCT. It principally comprises fees and charges for services provided on a full cost basis to external customers, as well as public repayment work. It includes both income appropriated-in-aid of the Vote and income to the Consolidated Fund which HM Treasury has agreed should be treated as operating income.

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable.

Where revenue has been received for a specific activity to be delivered in the following financial year, that income will be deferred.

1.3 Pooled Budgets

The PCT has entered into a pooled budget with Milton Keynes Council. Under the arrangement funds are pooled under S75 of the NHS Act 2006 for Community Equipment, Learning Disabilities and Mental Health activities..

The Community Equipment and Learning Disabilities pools are hosted by Milton Keynes Council. As a commissioner of healthcare services the PCT makes contributions to the pools which are then used to purchase healthcare services. The PCT accounts for its share of the assets, liabilities, income and expenditure of the pools as determined by the pooled budget agreements.

1. Accounting policies (continued)

The Mental Health pool is hosted by Milton Keynes PCT. As a commissioner of healthcare services, the PCT makes contributions to the pool which are then used to purchase healthcare services. The PCT accounts for its share of the assets, liabilities, income and expenditure of the pool as determined by the pooled budget agreement.

1.4 Taxation

The PCT is not liable to pay corporation tax. Expenditure is shown net of recoverable VAT. Irrecoverable VAT is charged to the most appropriate expenditure heading or capitalised if it relates to an asset.

1.5 Administration and Programme Costs

Treasury has set performance targets in respect of non-frontline expenditure (administration expenditure). From 2011-12, PCTs therefore analyse and report revenue income and expenditure by "admin and programme". For PCTs, the Department has defined "admin and programme" in terms of running costs.

The broad definition of running costs includes any cost incurred that is not a direct payment for the provision of healthcare or healthcare related services. Expense incurred under NHS transition redundancy programmes is however classed as "programme" under Treasury budgetary control arrangements and so is recorded as such in the financial statements.

1.6 Property, Plant & Equipment

Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the PCT;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

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

Valuation

All property, plant and equipment are measured initially at cost, representing the cost 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 fair value.

Land and buildings used for the PCT's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

Until 31 March 2008, the depreciated replacement cost of specialised buildings has been estimated for an exact replacement of the asset in its present location. HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

1. Accounting policies (continued)

Until 31 March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation and depreciation of historic cost. From 1 April 2008 indexation has ceased. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive net expenditure in the Statement of Comprehensive Net Expenditure.

Subsequent expenditure
Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

1.7 Intangible Assets

Recognition
Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the PCT's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the PCT; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been

- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

Measurement
The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at amortized historic cost to reflect the opposing effects of increases in development costs and technological advances.

1.8 Depreciation, Amortisation and Impairments

Freehold land, properties under construction and assets held for sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the PCT expects to obtain economic benefits or service potential from the asset. This is specific to the PCT and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives .

1. Accounting policies (continued)

At each reporting period end, the PCT checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

Impairments are analysed between Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME) from 2011-12. This is necessary to comply with Treasury's budgeting guidance. DEL limits are set in the Spending Review and Departments may not exceed the limits that they have been set. AME budgets are set by the Treasury and may be reviewed with departments in the run-up to the Budget. Departments need to monitor AME closely and inform Treasury if they expect AME spending to rise above forecast. Whilst Treasury accepts that in some areas of AME inherent volatility may mean departments do not have the ability to manage the spending within budgets in that financial year, any expected increases in AME require Treasury approval.

1.9 Donated Assets

Following the accounting policy change outlined in the Treasury FREM for 2011-12, a donated asset reserve is no longer maintained. Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

1.10 Government Grants

Following the accounting policy change outlined in the Treasury FREM for 2011-12, a government grant reserve is no longer maintained. The value of assets received by means of a government grant are credited directly to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

1.11 Non-Current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Net Expenditure. On disposal, the balance for the asset in the revaluation reserve is transferred to retained earnings.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.12 Inventories

Inventories are valued at the lower of cost and net realisable value using the first-in first-out cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1. Accounting policies (continued)

1.13 Cash and Cash Equivalents

Cash is cash-in-hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the PCT's cash management.

1.14 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way each individual case is handled.

Losses and special payments are charged to the relevant functional headings including losses which would have been made good through insurance cover had PCTs not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

1.15 Clinical Negligence Costs

From 1 April 2000, the NHS Litigation Authority (NHSLA) took over the full financial responsibility for all Existing Liabilities Scheme (ELS) cases unsettled at that date and from 1 April 2002 all Clinical Negligence Scheme for Trusts (CNST) cases. Provisions for these are included in the accounts of the NHSLA. Although the NHSLA is administratively responsible for all cases from 1 April 2000, the legal liability remains with the PCTs.

The NHSLA operates a risk pooling scheme under which the PCT pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The contribution is charged to expenditure in the year that it is due. The total value of clinical negligence provisions carried by the NHSLA on behalf of the PCT is disclosed at Note 32.

1.16 Employee Benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave 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.

Retirement benefit costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is 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, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the PCT commits itself to the retirement, regardless of the method of payment.

1.17 Research and Development

Research and development expenditure is charged against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the Statement of Comprehensive Net Expenditure on a systematic basis over the period expected to benefit from the project. It should be revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

1. Accounting policies (continued)

1.18 Other Expenses

Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

1.19 Grant Making

Under Section 256 of the National Health Service Act 2006, the PCT has the power to make grants to local authorities, voluntary bodies and registered social landlords to finance capital or revenue schemes. A liability in respect of these grants is recognised when the PCT has a present legal or constructive obligation which occurs when all of the conditions attached to the payment have been met.

1.20 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the PCT, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the PCT. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

1.21 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.

The PCT as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the PCT's net operating cost.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability 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.

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

The PCT as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the PCT's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the PCT's net investment outstanding in respect of the 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 on a straight-line basis over the lease term.

1.22 Foreign Exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for a period is used. Resulting exchange gains and losses are taken to the Statement of Comprehensive Net Expenditure.

1. Accounting policies (continued)

1.23 Provisions

Provisions are recognised when the PCT has a present legal or constructive obligation as a result of a past event, it is probable that the PCT will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of 2.2% (2.8% in respect of early staff departures) in real terms.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the PCT has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the PCT has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arsing from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

1.24 Financial Instruments

Financial assets

Financial assets are recognised when the PCT becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value.

Financial assets are classified into the following categories: financial assets 'at fair value through profit and loss'; 'held to maturity investments'; 'available for sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to the Statement of Comprehensive Net Expenditure on de-recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques as specified in IAS 39 AG 74.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset.

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

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Net Expenditure and the carrying amount of the asset is reduced directly, or through a provision for impairment of receivables.

1. Accounting policies (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Comprehensive Net Expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities
Financial liabilities are recognised on the Statement of Financial Position when the PCT becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are derecognised when the liability has been discharged, that is, the liability has been paid or has expired.

Financial liabilities are initially recognised at fair value.

Financial liabilities are classified as either financial liabilities 'at fair value through profit and loss' or other financial liabilities.

Other financial liabilities
After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

1.25 NHS LIFT Transactions

HM Treasury has determined that government bodies shall account for infrastructure NHS LIFT schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12.

Milton Keynes PCT holds two LIFT schemes as at 31 March 2013, working with its LIFT partner Assemble Ltd:

a) Provision of office accommodation
b) Provision of temporary clinical premises for GP services to the expanding eastern flank of the city.

Both of these schemes have been assessed in the light of the DH guidance issued in 2009-10 and have been deemed to be off SoFP. They are, therefore, reflected in the PCT's accounts as operating leases.

1.26 Accounting Standards Issued but Not Adopted

The Treasury FREM does not require the following Standards and Interpretations to be applied in 2012-13. The application of the Standards as revised would not have a material impact on the accounts for 2012-13, were they applied in that year:

IAS 27 Separate Financial Statements - subject to consultation
IAS 28 Investments in Associates and Joint Ventures - subject to consultation
IFRS 9 Financial Instruments - subject to consultation
IFRS 10 Consolidated Financial Statements - subject to consultation
IFRS 11 Joint Arrangements - subject to consultation
IFRS 12 Disclosure of Interests in Other Entities - subject to consultation
IFRS 13 Fair Value Measurement - subject to consultation

2. Operating Segments

For 2012-13, the PCT identified four segments that meet reporting requirements, Cluster, Public Health, Milton Keynes CCG and the hosted national service Solutions for Public Health. This reflects the move towards the new commissioning arrangements in the NHS from 2013-14 and the delegation of budgets to CCGs during 2012-13. As CCGs did not exist prior to 2012-13, there are no segmental prior year comparators.

The PCT had expenditure with Milton Keynes Hospital NHS Foundation Trust of £123,444,116 and with Bedford Hospital NHS Trust of £56,056,253 in 2012-13. No other expenditure to one supplier or NHS organisation was greater than 10% of the PCT's total expenditure.

	Cluster Segment £000	Public Health Segment £000	Milton Keynes CCG Segment £000	Solutions for Public Health Segment £000	**Total PCT £000**
Expenditure	107,136	14,376	265,045	5,921	**392,478**
Income	8,767	385	2,796	3,807	**15,755**
Surplus / (Deficit)	451	(67)	1,410	824	**2,618**
Net Assets	21,882	0	0	0	**21,882**

(note: PCT net assets are held by the Cluster on behalf of all segments)

3. Financial Performance Targets

3.1 Revenue Resource Limit

	2012-13 £000	2011-12 £000
The PCT's performance for the year ended 2012-13 is as follows:		
Total Net Operating Cost for the Financial Year	**376,747**	370,717
Adjusted for prior period adjustments in respect of errors	**0**	0
Revenue Resource Limit	**379,365**	371,222
Under/(Over)spend Against Revenue Resource Limit (RRL)	**2,618**	505

3.2 Capital Resource Limit

	2012-13 £000	2011-12 £000
The PCT is required to keep within its Capital Resource Limit.		
Capital Resource Limit	**3,221**	2,157
Charge to Capital Resource Limit	**2,941**	915
(Over)/Underspend Against CRL	**280**	1,242

3.3 Provider Full Cost Recovery Duty

	2012-13 £000	2011-12 £000
The PCT is required to recover full costs in relation to its provider functions.		
Provider gross operating costs	**0**	0
Provider Operating Revenue	**0**	0
Net Provider Operating Costs	**0**	0
Costs Met Within PCT's Own Allocation	**0**	0
Under/(Over) Recovery of Costs	**0**	0

3.4 Under/(Over) Spend Against Cash Limit

	2012-13 £000	2011-12 £000
Total Charge to Cash Limit	**383,528**	371,230
Cash Limit	**383,528**	372,512
Under/(Over)spend Against Cash Limit	**0**	1,282

3.5 Reconciliation of Cash Drawings to Parliamentary Funding

	2012-13 £000	**2011-12 £000**
Total cash received from DH	**339,488**	328,200
Less: Trade Income from DH	**0**	(197)
Less/(Plus): movement in DH working balances	**0**	109
Sub total: net advances	**339,488**	328,112
(Less)/plus: transfers (to)/from other resource account bodies	**0**	0
Plus: cost of Dentistry Schemes (central charge to cash limits)	**8,207**	7,478
Plus: drugs reimbursement (central charge to cash limits)	**35,834**	35,640
Parliamentary funding credited to General Fund	**383,529**	371,230

4. Miscellaneous Income

	2012-13 Total	2012-13 Admin	2012-13 Programme	2011-12 Total
	£000	£000	£000	£000
Fees and Charges	**0**	0	0	4
Dental Charge income from Contractor-Led GDS & PDS	**2,203**	0	2,203	2,267
Dental Charge income from Trust-Led GDS & PDS	**0**	0	0	0
Prescription Charge income	**1,651**	0	1,651	1,540
Strategic Health Authorities	**839**	839	0	0
NHS Trusts	**3,043**	2,943	100	423
NHS Foundation Trusts	**40**	2	38	0
Primary Care Trusts Contributions to DATs	**0**	0	0	0
Primary Care Trusts - Other	**2,335**	1,687	648	202
Primary Care Trusts - Lead Commissioning	**0**	0	0	0
English RAB Special Health Authorities	**0**	0	0	315
Other English Special Health Authorities	**0**	0	0	0
Department of Health - SMPTB	**0**	0	0	0
Department of Health - Other	**0**	0	0	43
Recoveries in respect of employee benefits	**0**	0	0	925
Local Authorities	**52**	9	43	0
Patient Transport Services	**0**	0	0	0
Education, Training and Research	**0**	0	0	326
Non-NHS: Private Patients	**0**	0	0	0
Non-NHS: Overseas Patients (Non-Reciprocal)	**0**	0	0	0
NHS Injury Costs Recovery	**0**	0	0	27
Other Non-NHS Patient Care Services	**0**	0	0	344
Charitable and Other Contributions to Expenditure	**0**	0	0	0
Receipt of donated assets	**0**	0	0	0
Receipt of Government granted assets	**0**	0	0	0
Rental income from finance leases	**0**	0	0	0
Rental income from operating leases	**1,764**	0	1,764	2,290
Other income	**3,828**	2,745	1,083	3,377
Total Miscellaneous Income	**15,755**	8,225	7,530	12,083
Of rental income from finance leases above:				
Contingent rent	**0**	0	0	0
Other	**0**	0	0	0
Rental income from finance leases	**0**	0	0	0
Of rental income from operating leases above:				
Rental revenue	**1,764**	0	1,764	2,290
Contingent rent	**0**	0	0	0
Rental income from operating leases	**1,764**	0	1,764	2,290

5. Operating Costs

5.1 Analysis of Operating Costs

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 Total £000
Goods and Services from Other PCTs				
Healthcare	**38,683**	0	38,683	28,264
Non-Healthcare	**3,242**	3,242	0	967
Total	**41,925**	3,242	38,683	29,231
Goods and Services from Other NHS Bodies other than FTs				
Goods and services from NHS Trusts	**68,248**	0	68,248	87,371
Goods and services (other, excl Trusts, FT and PCT)	**0**	0	0	807
Total	**68,248**	0	68,248	88,178
Goods and Services from Foundation Trusts	**136,866**	0	136,866	129,099
Purchase of Healthcare from Non-NHS bodies	**30,687**	0	30,687	26,925
Social Care from Independent Providers	**0**	0	0	0
Expenditure on Drugs Action Teams	**365**	0	365	1,409
Non-GMS Services from GPs	**2,144**	0	2,144	327
Contractor Led GDS & PDS (excluding employee benefits)	**11,742**	0	11,742	10,260
Salaried Trust-Led PDS & PCT DS (excluding employee benefits)	**0**	0	0	0
Chair, Non-executive Directors & PEC remuneration	**5**	5	0	66
Executive committee members costs	**0**	0	0	54
Consultancy Services	**1,219**	1,081	138	2,028
Prescribing Costs	**31,629**	0	31,629	30,540
G/PMS, APMS and PCTMS (excluding employee benefits)	**34,135**	0	34,135	36,128
Pharmaceutical Services	**0**	0	0	0
Local Pharmaceutical Services Pilots	**126**	0	126	0
New Pharmacy Contract	**7,923**	0	7,923	7,757
General Ophthalmic Services	**2,330**	0	2,330	2,179
Supplies and Services - Clinical	**211**	6	205	1,464
Supplies and Services - General	**49**	46	3	50
Establishment	**1,085**	745	340	543
Transport	**26**	26	0	11
Premises	**1,852**	1,525	327	1,304
Impairments & Reversals of Property, Plant and Equipment	**178**	0	178	543
Impairments and Reversals of non-current assets held for sale	**0**	0	0	0
Depreciation	**2,116**	0	2,116	1,857
Amortisation	**48**	0	48	48
Impairment & Reversals Intangible non-current assets	**0**	0	0	0
Impairment and Reversals of Financial Assets	**0**	0	0	0
Impairment of Receivables	**58**	0	58	28
Inventory write offs	**0**	0	0	0
Research and Development Expenditure	**0**	0	0	0
Audit Fees	**125**	125	0	72
Other Auditors Remuneration	**0**	0	0	41
Clinical Negligence Costs	**0**	0	0	0
Education and Training	**318**	238	80	597
Grants for capital purposes	**919**	0	919	11
Grants for revenue purposes	**891**	0	891	0
Impairments and reversals for investment properties	**0**	0	0	0
Other	**3,599**	1,510	2,089	661
Total Operating costs charged to Statement of Comprehensive Net Expenditure	**380,819**	8,549	372,270	371,411
Employee Benefits (excluding capitalised costs)				
Employee Benefits associated with PCTMS	**0**	0	0	83
Trust led PDS and PCT DS	**0**	0	0	0
PCT Officer Board Members	**8**	8	0	775
Other Employee Benefits	**11,651**	9,725	1,926	10,467
Total Employee Benefits charged to SoCNE	**11,659**	9,733	1,926	11,325
Total Operating Costs	**392,478**	18,282	374,196	382,736

5.1 Analysis of Operating Costs

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 Total £000
Analysis of grants reported in total operating costs				
For capital purposes				
Grants to fund Capital Projects - GMS	**163**	0	163	11
Grants to Local Authorities to Fund Capital Projects	**0**	0	0	0
Grants to Private Sector to Fund Capital Projects	**0**	0	0	0
Grants to Fund Capital Projects - Dental	**756**	0	756	0
Grants to Fund Capital Projects - Other	**0**	0	0	0
Total Capital Grants	**919**	0	919	11
Grants to fund revenue expenditure				
To Local Authorities	**0**	0	0	0
To Private Sector	**0**	0	0	0
To Other	**891**	0	891	0
Total Revenue Grants	**891**	0	891	0
Total Grants	**1,810**	0	1,810	11

	Total	Commissioning Services	Public Health
PCT Running Costs 2012-13			
Running costs (£000s)	**10,048**	**8,817**	**1,231**
Weighted population (number in units) - see note	**220,080**	**220,080**	**220,080**
Running costs per head of population (£ per head)	**45.66**	**40.06**	**5.59**
PCT Running Costs 2011-12			
Running costs (£000s)	11,355	9,952	1,403
Weighted population (number in units)	220,080	220,080	220,080
Running costs per head of population (£ per head)	51.59	45.22	6.37

The above running cost figures include a nationally hosted service, Solutions for Public Health. The cost per head for commissioning services for 2012-13 is £31.38 (£31.25 for 2011-12).

Weighted Population Numbers 2012-13

Weighted population figures are not available for 2012-13 as the weighted capitation formula for PCT allocations was not updated for 2012-13. This was because it was decided to give all PCTs the same percentage growth in their allocations in this transitional year rather than differential growth based on a weighted capitation formula. Therefore, 2011-12 weighted populations have been used when calculated the Running Costs per head of population in 2012-13.

5.2 Analysis of Operating Expenditure by Expenditure Classification

	2012-13 £000	2011-12 £000
Purchase of Primary Health Care		
GMS / PMS/ APMS / PCTMS	**34,135**	36,128
Prescribing costs	**31,629**	30,540
Contractor led GDS & PDS	**11,742**	10,260
Trust led GDS & PDS	**0**	0
General Ophthalmic Services	**2,330**	2,179
Department of Health Initiative Funding	**0**	0
Pharmaceutical services	**0**	0
Local Pharmaceutical Services Pilots	**126**	0
New Pharmacy Contract	**7,923**	7,757
Non-GMS Services from GPs	**0**	327
Other	**489**	0
Total Primary Healthcare Purchased	**88,374**	87,191
Purchase of Secondary Healthcare		
Learning Difficulties	**8,218**	7,701
Mental Illness	**34,234**	32,876
Maternity	**11,863**	14,019
General and Acute	**160,374**	163,344
Accident and emergency	**13,614**	15,099
Community Health Services	**34,245**	38,423
Other Contractual	**10,656**	197
Total Secondary Healthcare Purchased	**273,204**	271,659
Grant Funding		
Grants for capital purposes	**919**	11
Grants for revenue purposes	**891**	0
Total Healthcare Purchased by PCT	**363,388**	358,861
Included above:		
Secondary healthcare commissioned by the PCT itself	**0**	0
Social Care from Independent Providers	**0**	0
Healthcare from NHS FTs included above	**144,841**	129,099

6. Operating Leases

The PCT leases various premises on the hospital campus from Milton Keynes Hospital NHS Foundation Trust, the most significant of which is the health centre. All are held on a 99 year lease with no option to acquire the asset at the end of the lease. A land lease for 50 years is also held from the Foundation Trust from June 2006. The land lease has been reviewed with regard to the change in accounting standards where land leases are presumed to be operating leases; no change in accounting treatment is required.

Other significant leases relate to the leasing of office accommodation in Milton Keynes and Oxford, and clinical areas; one in GP premises and two from non NHS suppliers. Three rental agreements are held on a non contractual basis.

Under IFRS the PCT is deemed to have entered into certain financial agreements involving the use of GP and dentist premises. The PCT has determined that these are operating leases and should be recognised but as there is no defined term in the arrangements entered into, it is not possible to analyse the arrangements over financial years. They have not, therefore, been qualified in the Statement of Net Operating Expenditure.

6.1 PCT as Lessee

	2012-13 Total £000	2011-12 Total £000
Payments recognised as an expense		
Minimum lease payments	**1,443**	622
Contingent rents	**0**	0
Sub-lease payments	**(1,191)**	0
Total	**252**	622

	Land £000	**Buildings £000**	**Other £000**		
Payable:					
No later than one year	**0**	**1,519**	**0**	**1,519**	493
Between one and five years	**0**	**6,063**	**0**	**6,063**	1,711
After five years	**0**	**14,499**	**0**	**14,499**	2,005
Total	**0**	**22,081**	**0**	**22,081**	4,209

Total future sublease payments expected are: £28,026,000

6.2 PCT as lessor

Operating lease income relates to receipts from providers of healthcare occupying space in PCT premises. Where income relates to a lease which can be terminated at any period, including the expiry of an underlease, or there is no formal agreement in place, the income obligations have only been reflected for 12 months. Following the transfer of Provider Services under TCS, the PCT no receives income from Bedford Hospital NHS Trust for use of PCT property by the transferred services.

	2012-13 £000	2011-12 £000
Recognised as income		
Rents	**1,764**	2,290
Contingent rents	**0**	0
Total	**1,764**	2,290
Receivable:		
No later than one year	**0**	208
Between one and five years	**0**	341
After five years	**0**	2,238
Total	**0**	2,787

7. Employee Benefits and Staff Numbers

7.1 Employee Benefits

	2012-13 Total			Permanently Employed			Other		
	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
Employee Benefits - Gross Expenditure									
Salaries and wages	**9,429**	**8,454**	**975**	8,484	7,615	869	945	839	106
Social security costs	**666**	**598**	**68**	666	598	68	0	0	0
Employer contributions to NHS Pensions scheme	**759**	**681**	**78**	759	681	78	0	0	0
Other pension costs	**0**	**0**	**0**	0	0	0	0	0	0
Other post-employment benefits	**0**	**0**	**0**	0	0	0	0	0	0
Other employment benefits	**0**	**0**	**0**	0	0	0	0	0	0
Termination benefits	**805**	**0**	**805**	805	0	805	0	0	0
Total employee benefits	**11,659**	**9,733**	**1,926**	10,714	8,894	1,820	945	839	106
Less recoveries in respect of employee benefits (table below)	**0**	**0**	**0**	0	0	0	0	0	0
Total - Net Employee Benefits including capitalised costs	**11,659**	**9,733**	**1,926**	10,714	8,894	1,820	945	839	106
Employee costs capitalised	**0**	**0**	**0**	0	0	0	0	0	0
Total Employee Benefits excluding capitalised costs	**11,659**	**9,733**	**1,926**	10,714	8,894	1,820	945	839	106
Recognised as:									
Commissioning employee benefits	**11,659**	**9,733**	**1,926**	10,714	8,894	1,820	945	839	106
Provider employee benefits	**0**	**0**	**0**	0	0	0	0	0	0
Total Employee Benefits excluding capitalised costs	**11,659**	**9,733**	**1,926**	10,714	8,894	1,820	945	839	106
Employee Benefits - Income									
Salaries and wages	**0**	**0**	**0**	0	0	0	0	0	0
Social Security costs	**0**	**0**	**0**	0	0	0	0	0	0
Employer Contributions to NHS BSA - Pensions Division	**0**	**0**	**0**	0	0	0	0	0	0
Other pension costs	**0**	**0**	**0**	0	0	0	0	0	0
Other Post Employment Benefits	**0**	**0**	**0**	0	0	0	0	0	0
Other Employment Benefits	**0**	**0**	**0**	0	0	0	0	0	0
Termination Benefits	**0**	**0**	**0**	0	0	0	0	0	0
Total excluding capitalised costs	**0**	**0**	**0**	0	0	0	0	0	0

7.1 Employee Benefits (continued)

	2012-13			2011-12		
	Total	**Permanently Employed**	**Other**	Total	Permanently Employed	Other
	£000	**£000**	**£000**	£000	£000	£000
Net Expenditure						
Salaries and wages	**9,429**	**8,484**	**945**	9,174	8,244	930
Social security costs	**666**	**666**	**0**	701	701	0
Employer contributions to NHS Pensions scheme	**759**	**759**	**0**	1,003	1,003	0
Other pension costs	**0**	**0**	**0**	0	0	0
Other post-employment benefits	**0**	**0**	**0**	0	0	0
Other employment benefits	**0**	**0**	**0**	0	0	0
Termination benefits	**805**	**805**	**0**	447	447	0
Total employee benefits	**11,659**	**10,714**	**945**	11,325	10,395	930
Employee costs capitalised	**0**	**0**	**0**	(925)	(925)	0
Net Employee Benefits excluding capitalised costs	**11,659**	**10,714**	**945**	10,400	9,470	930
Recognised as:						
Commissioning Employment Benefits	**0**	**0**	**0**	11,325	10,395	930
Provider Employment Benefits	**0**	**0**	**0**	0	0	0
Total - excluding capitalised costs	**0**	**0**	**0**	11,325	10,395	930

7.2 Staff Numbers

	2012-13			2011-12		
	Total Number	**Permanently Employed Number**	**Other Number**	Total Number	Permanently Employed Number	Other Number
Average Staff Numbers						
Medical and dental	**13.50**	**13.46**	**0.04**	12.00	12.00	0.00
Ambulance staff	**0.00**	**0.00**	**0.00**	0.00	0.00	0.00
Administration and estates	**172.54**	**146.15**	**26.39**	148.00	142.00	6.00
Healthcare assistants and other support staff	**0.00**	**0.00**	**0.00**	0.00	0.00	0.00
Nursing, midwifery and health visiting staff	**6.40**	**6.40**	**0.00**	5.00	5.00	0.00
Nursing, midwifery and health visiting learners	**0.00**	**0.00**	**0.00**	0.00	0.00	0.00
Scientific, therapeutic and technical staff	**7.93**	**3.24**	**4.69**	5.00	5.00	0.00
Social Care Staff	**0.00**	**0.00**	**0.00**	0.00	0.00	0.00
Other	**0.00**	**0.00**	**0.00**	0.00	0.00	0.00
TOTAL	**200.37**	**169.25**	**31.12**	170.00	164.00	6.00
Of the above - staff engaged on capital projects	**0.00**	**0.00**	**0.00**	0.00	0.00	0.00

The increase in staff numbers is due to the build up of staff in successor organisations combined with the PCT retaining staff to manage the transition who were subsequently released in April 2013.

7.3 Staff Sickness Absence and Ill Health Retirements

	2012-13 Number	2011-12 Number
Total Days Lost	**10,197**	10,000
Total Staff Years	**1,002**	1,210
Average working Days Lost	**10.18**	8.26

	2012-13 Number	2011-12 Number
Number of persons retired early on ill health grounds	**0**	1
	£000	£000
Total additional pensions liabilities accrued in the year	**0**	41

7.4 Exit Packages Agreed During the Year

	2012-13			2011-12		
Exit package cost band (including any special payment element)	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
	Number	**Number**	**Number**	Number	Number	Number
Lees than £10,000	**2**	**0**	**2**	7	0	7
£10,001 - £25,000	**3**	**0**	**3**	1	0	1
£25,001 - £50,000	**0**	**0**	**0**	4	0	4
£50,001 - £100,000	**1**	**0**	**1**	5	0	5
£100,001 - £150,000	**1**	**0**	**1**	2	0	2
£150,001 - £200,000	**0**	**0**	**0**	1	0	1
> £200,000	**1**	**0**	**1**	0	0	0
Total number of exit packages by type (total cost)	**8**	**0**	**8**	20	0	20
	£000	**£000**	**£000**	£000	£000	£000
Total resource cost	**736**	**0**	**736**	1,054	0	1,054

This note provides an analysis of Exit Packages agreed during the year. Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme. Where the PCT has agreed early retirements, the additional costs are met by the PCT 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 taken by staff leaving in the year. Note: The expense associated with these departures may have been recognised in part or in full in a previous period.

7.5 Pension Costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is 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, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the 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 the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. Actuarial assessments are undertaken in intervening years between formal valuations using updated membership data and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2013, is based on the valuation data as 31 March 2012, updated to 31 March 2013 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. 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 scheme (taking into account its recent demographic experience), and to recommend the contribution rates.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes were suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are developed as part of the reforms to public service pension provision due in 2015.

The Scheme Regulations were changed to allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next formal valuation to be used for funding purposes will be carried out at as at March 2012 and will be used to inform the contribution rates to be used from 1 April 2015.

c) Scheme provisions

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation".

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) will be used to replace the Retail Prices Index (RPI).

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

8. Better Payment Practice Code

8.1 Measure of Compliance

	2012-13 Number	2012-13 £000	2011-12 Number	2011-12 £000
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**10,784**	**47,236**	6,586	36,780
Total Non-NHS Trade Invoices Paid Within Target	**10,032**	**40,213**	6,266	34,247
Percentage of NHS Trade Invoices Paid Within Target	**93.03%**	**85.13%**	95.14%	93.11%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**3,738**	**296,858**	3,571	256,170
Total NHS Trade Invoices Paid Within Target	**3,416**	**293,056**	3,306	246,688
Percentage of NHS Trade Invoices Paid Within Target	**91.39%**	**98.72%**	92.58%	96.30%

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

The PCT transferred to a new accounting system on 1 April 2012 which resulted in some invoice processing delays during the first quarter of the financial year. These early problems were overcome as the year progressed but the legacy of the initial delays distorted the overall performance resulting in a dip in Non-NHS Payables as a percentage of NHS Trade Invoices Paid Within Target to 85.13% in 2012-13 versus 93.11% in 2011-12. The comparative performance to May 2013 is 99.53%.

8.2 The Late Payment of Commercial Debts (Interest) Act 1998

	2012-13 £000	2011-12 £000
Amounts included in finance costs from claims made under this legislation	**0**	0
Compensation paid to cover debt recovery costs under this legislation	**0**	0
Total	**0**	0

9. Investment Income

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 Total £000
Rental Income				
PFI finance lease revenue (planned)	**0**	0	0	0
PFI finance lease revenue (contingent)	**0**	0	0	0
Other finance lease revenue	**0**	0	0	0
Subtotal	**0**	**0**	**0**	0
Interest Income				
LIFT: equity dividends receivable	**0**	0	0	0
LIFT: loan interest receivable	**9**	9	0	7
Bank interest	**0**	0	0	0
Other loans and receivables	**0**	0	0	0
Impaired financial assets	**0**	0	0	0
Other financial assets	**0**	0	0	0
Subtotal	**9**	**9**	**0**	7
Total investment income	**9**	**9**	**0**	7

10. Other Gains and Losses

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 Total £000
Gain/(loss) on disposal of property, plant and equipment	**(33)**	0	(33)	(22)
Gain/(loss) on disposal of intangible assets	**0**	0	0	0
Gain/(loss) on disposal of financial assets	**0**	0	0	0
Gain (Loss) on disposal of assets held for sale	**0**	0	0	0
Gain/(loss) on foreign exchange	**0**	0	0	0
Change in fair value of financial assets carried at fair value through the SoCNE	**0**	0	0	0
Change in fair value of financial liabilities carried at fair value through the SoCNE	**0**	0	0	0
Change in fair value of investment property	**0**	0	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	**0**	0	0	0
Total	**(33)**	**0**	**(33)**	(22)

11. Finance Costs

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 Total £000
Interest				
Interest on obligations under finance leases	**0**	0	0	25
Interest on obligations under PFI contracts:				
- main finance cost	**0**	0	0	24
- contingent finance cost	**0**	0	0	0
Interest on obligations under LIFT contracts:				
- main finance cost	**0**	0	0	0
- contingent finance cost	**0**	0	0	0
Interest on late payment of commercial debt	**0**	0	0	0
Other interest expense	**0**	0	0	0

Total interest expense	**0**	**0**	**0**	49
Other finance costs	**0**	0	0	0
Provisions - unwinding of discount	**0**	0	0	0
Total	**0**	**0**	**0**	49

12.1 Property, Plant and Equipment

2012-13	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	**Total**
	£000	£000	£000	£000	£000	£000	£000	£000	**£000**
Cost or valuation:									
At 1 April 2012	9,227	18,272	1,207	697	1,043	0	2,868	1,740	**35,054**
Additions Purchased	0	1,608	18	122	0	0	1,565	0	**3,313**
Additions Donated	0	0	0	0	0	0	0	0	**0**
Additions Government Granted	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	580	0	(697)	117	0	0	0	**0**
Reclassifications as Held for Sale	(353)	0	0	0	0	0	0	0	**(353)**
Disposals other than for sale	0	(933)	(1)	0	(309)	0	(757)	(380)	**(2,380)**
Upward revaluation/positive indexation	203	111	0	0	0	0	0	0	**314**
Impairments/negative indexation	0	(1,205)	(14)	0	0	0	0	0	**(1,219)**
Reversal of Impairments	0	0	0	0	0	0	0	0	**0**
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	**0**
At 31 March 2013	**9,077**	**18,433**	**1,210**	**122**	**851**	**0**	**3,676**	**1,360**	**34,729**
Depreciation									
At 1 April 2012	0	0	0	0	729	0	1,634	1,596	**3,959**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Reclassifications as Held for Sale	0	0	0	0	0	0	0	0	**0**
Disposals other than for sale	0	(932)	0	0	(181)	0	(859)	(369)	**(2,341)**
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	**0**
Impairments	0	182	0	0	0	0	0	0	**182**
Reversal of Impairments	0	0	(4)	0	0	0	0	0	**(4)**
Charged During the Year	0	1,454	32	0	75	0	493	62	**2,116**
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	**0**
At 31 March 2013	**0**	**704**	**28**	**0**	**623**	**0**	**1,268**	**1,289**	**3,912**
Net Book Value at 31 March 2013	**9,077**	**17,729**	**1,182**	**122**	**228**	**0**	**2,408**	**71**	**30,817**
Purchased	9,077	17,716	1,182	122	228	0	2,201	65	**30,591**
Donated	0	13	0	0	0	0	0	0	**13**
Government Granted	0	0	0	0	0	0	207	6	**213**
Total at 31 March 2013	**9,077**	**17,729**	**1,182**	**122**	**228**	**0**	**2,408**	**71**	**30,817**
Asset financing:									
Owned	9,077	17,729	1,182	122	228	0	2,408	71	**30,817**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	**0**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
Total at 31 March 2013	**9,077**	**17,729**	**1,182**	**122**	**228**	**0**	**2,408**	**71**	**30,817**

Revaluation Reserve Balance for PPE

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	**Total**
	£000	£000	£000	£000	£000	£000	£000	£000	**£000**
At 1 April 2012	3,474	8,766	522	0	2	0	0	2	**12,766**
Movements	177	(2,276)	(31)	0	(2)	0	0	(2)	**(2,134)**
At 31 March 2013	**3,651**	**6,490**	**491**	**0**	**0**	**0**	**0**	**0**	**10,632**

12.2 Property, Plant and Equipment

2011-12	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	**Total**
	£000	£000	£000	£000	£000	£000	£000	£000	**£000**
Cost or valuation:									
At 1 April 2011	9,842	21,660	1,385	323	1,111	0	3,099	1,825	**39,245**
Additions - purchased	0	0	0	937	0	0	0	0	**937**
Additions - donated	0	0	0	0	0	0	0	0	**0**
Additions - government granted	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	422	18	(543)	17	0	52	21	**(13)**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	(85)	0	(283)	(106)	**(474)**
Revaluation & indexation gains	0	1,117	26	0	0	0	0	0	**1,143**
Impairments	0	(252)	(5)	0	0	0	0	0	**(257)**
Reversals of impairments	0	0	0	0	0	0	0	0	**0**
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	**0**
Cumulative dep'n adjustment following revaluation	0	(4,675)	(217)	0	0	0	0	0	**(4,892)**
At 31 March 2012	**9,842**	**18,272**	**1,207**	**717**	**1,043**	**0**	**2,868**	**1,740**	**35,689**
Depreciation									
At 1 April 2011	0	3,666	196	0	718	0	1,393	1,565	**7,538**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Reclassifications as Held for Sale	0	0	0	0	0	0	0	0	**0**
Disposals other than for sale	0	0	0	0	(78)	0	(271)	(103)	**(452)**
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	**0**
Impairments	615	88	0	20	12	0	7	11	**753**
Reversal of Impairments	0	(200)	(10)	0	0	0	0	0	**(210)**
Charged During the Year	0	1,121	31	0	77	0	505	123	**1,857**
Transfers to NHS Bodies	0	0	0	0	0	0	0	0	**0**
Cumulative dep'n adjustment following revaluation	0	(4,675)	(217)	0	0	0	0	0	**(4,892)**
At 31 March 2012	**615**	**0**	**0**	**20**	**729**	**0**	**1,634**	**1,596**	**4,594**
Net Book Value at 31 March 2012	**9,227**	**18,272**	**1,207**	**697**	**314**	**0**	**1,234**	**144**	**31,095**
Purchased	9,227	18,233	1,207	697	314	0	885	132	**30,695**
Donated	0	39	0	0	0	0	0	0	**39**
Government Granted	0	0	0	0	0	0	349	12	**361**
At 31 March 2012	**9,227**	**18,272**	**1,207**	**697**	**314**	**0**	**1,234**	**144**	**31,095**
Asset financing:									
Owned	9,227	18,272	1,207	697	314	0	1,234	144	**31,095**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	**0**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**9,227**	**18,272**	**1,207**	**697**	**314**	**0**	**1,234**	**144**	**31,095**

Revaluation Reserve Balance for PPE

	Land	Buildings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	**Total**
	£000	£000	£000	£000	£000	£000	£000	£000	**£000**
At 1 April 2011	4,088	8,153	509	0	4	0	0	2	**12,756**
Movements	(614)	613	13	0	(2)	0	0	0	**10**
At 31 March 2012	**3,474**	**8,766**	**522**	**0**	**2**	**0**	**0**	**2**	**12,766**

12.3 Property, Plant and Equipment

Land and buildings have been revalued by the District Valuer (Valuation Agency) as at 1 April 2012.

These valuations were undertaken having regard to International Financial Standards (IFRS) as applied in the United Kingdom public sector and in accordance with HM Treasury guidance, International Valuation Standards and the requirements of the Royal Institute of Chartered Surveyors (RICS) Valuation Standards 6th Edition.

The fair value of the land and buildings is usually determined from the marked based evidence appraisal.

The market value used in arriving at the fair value of the operational assets is based on the assumption that the property is sold as part of the continued enterprise in occupation.

For non specialised operational assets this equates in practice to Existing Use Value (EUV). For specialised operational assets if there is no market based evidence of fair value, this is estimated using a depreciated replacement cost approach subject to the assumption of continued use.

Non operational assets, including any surplus land, are valued on the basis of market value.

Operational equipment is carried at current value. Where assets are at low value and/or have a short useful economic lives, these are carried at depreciated historic cost as a proxy for current value. Equipment surplus to requirements is valued at net realisable value.

Economic Lives of Tangible Non-Current Assets

	Min Life Years	Max Life Years
Property, Plant and Equipment		
Buildings exc Dwellings	2	62
Dwellings	36	38
Plant & Machinery	5	20
Transport Equipment	0	0
Information Technology	5	5
Furniture & Fittings	5	5

Open Market Value of Assets at Balance Sheet Date

	Land	Buildings exc Dwellings	Dwellings	Total
	£000	£000	£000	£000
Open Market Value at 31 March 2013	0	0	0	0
Open Market Value at 31 March 2012	0	0	0	0

Additions to Assets Under Construction

	£000
Land	0
Buildings excl Dwellings	122
Dwellings	0
Plant & Machinery	0
Balance as at YTD	**122**

13.1 Intangible Non-Current Assets

2012-13	Software internally generated £000	Software purchased £000	Licences & trademarks £000	Patents £000	Development expenditure £000	**Total £000**
At 1 April 2012	0	111	66	0	0	**177**
Additions - purchased	0	0	0	0	0	**0**
Additions - internally generated	0	0	0	0	0	**0**
Additions - donated	0	0	0	0	0	**0**
Additions - government granted	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	(31)	(29)	0	0	**(60)**
Revaluation & indexation gains	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	**0**
In-year transfers (to)/from Other Public Sector bodies	0	0	0	0	0	**0**
At 31 March 2013	**0**	**80**	**37**	**0**	**0**	**117**
Amortisation						
At 1 April 2012	0	48	24	0	0	**72**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	(26)	(28)	0	0	**(54)**
Revaluation or indexation gains	0	0	0	0	0	**0**
Impairments charged to operating expenses	0	0	0	0	0	**0**
Reversal of impairments charged to operating expenses	0	0	0	0	0	**0**
Charged during the year	0	19	29	0	0	**48**
In-year transfers (to)/from Other Public Sector bodies	0	0	0	0	0	**0**
At 31 March 2013	**0**	**41**	**25**	**0**	**0**	**66**
Net Book Value at 31 March 2013	**0**	**39**	**12**	**0**	**0**	**51**
Net Book Value at 31 March 2013 comprises						
Purchased	0	34	12	0	0	**46**
Donated	0	5	0	0	0	**5**
Government Granted	0	0	0	0	0	**0**
Total at 31 March 2013	**0**	**39**	**12**	**0**	**0**	**51**

Revaluation reserve balance for intangible non-current assets

	Software internally generated £000	Software purchased £000	Licences & trademarks £000	Patents £000	Development expenditure £000	**Total £000**
At 1 April 2012	0	0	0	0	0	**0**
Movements	0	0	0	0	0	**0**
At 31 March 2013	**0**	**0**	**0**	**0**	**0**	**0**

13.2 Intangible Non-Current Assets

2011-12	Software internally generated	Software purchased	Licences & trademarks	Patents	Development expenditure	**Total**
	£000	£000	£000	£000	£000	**£000**
Cost or valuation:						
At 1 April 2011	0	166	78	0	0	**244**
Additions - purchased	0	0	0	0	0	**0**
Additions - internally generated	0	0	0	0	0	**0**
Additions - donated	0	0	0	0	0	**0**
Additions - government granted	0	0	0	0	0	**0**
Reclassifications	0	13	0	0	0	**13**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	(68)	(12)	0	0	**(80)**
Revaluation & indexation gains	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	**0**
In-year transfers to/from NHS bodies	0	0	0	0	0	**0**
At 31 March 2012	**0**	**111**	**66**	**0**	**0**	**177**
Amortisation						
At 1 April 2011	0	101	3	0	0	**104**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	(68)	(12)	0	0	**(80)**
Revaluation or indexation gains	0	0	0	0	0	**0**
Impairments charged to operating expenses	0	0	0	0	0	**0**
Reversal of impairments charged to operating expenses	0	0	0	0	0	**0**
Charged during the year	0	15	33	0	0	**48**
In-year transfers to NHS bodies	0	0	0	0	0	**0**
At 31 March 2012	**0**	**48**	**24**	**0**	**0**	**72**
Net Book Value at 31 March 2012	**0**	**63**	**42**	**0**	**0**	**105**
Net Book Value at 31 March 2012 comprises						
Purchased	0	56	42	0	0	**98**
Donated	0	7	0	0	0	**7**
Government Granted	0	0	0	0	0	**0**
Total at 31 March 2012	**0**	**63**	**42**	**0**	**0**	**105**

Revaluation reserve balance for intangible non-current assets

	Software internally generated	Software purchased	Licences & trademarks	Patents	Development expenditure	**Total**
	£000	£000	£000	£000	£000	**£000**
At 1 April 2011	0	0	0	0	0	**0**
Movements	0	0	0	0	0	**0**
At 31 March 2012	**0**	**0**	**0**	**0**	**0**	**0**

13.3 Intangible Non-Current Assets

Purchased software and licences are carried at depreciated historical cost; this is estimated to equate to fair value.

Where software/licences have an indefinite life, its life is deemed to end when the equipment is scheduled for

Economic Lives of Intangible Non-Current Assets

	Min Life Years	**Max Life Years**
Intangible Assets		
Software Licences	3	5
Licences and Trademarks	2	3
Patents	0	0
Development Expenditure	0	0

14. Analysis of Impairments and Reversals Recognised in Year	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 Total £000
Property, Plant and Equipment Impairments and Reversals Taken to SoCNE				
Loss or damage resulting from normal operations	**0**	0	0	0
Over-specification of assets	**0**	0	0	0
Abandonment of assets in the course of construction	**0**	0	0	20
Total Charged to Departmental Expenditure Limit	**0**	0	0	20
Unforeseen obsolescence	**0**	0	0	0
Loss as a result of catastrophe	**0**	0	0	0
Other	**0**	0	0	406
Changes in market price	**178**	0	178	117
Total Charged to Annually Managed Expenditure	**178**	0	178	523
Property, Plant and Equipment Impairments and Reversals Charged to the Revaluation Reserve				
Loss or damage resulting from normal operations	**0**	0	0	0
Over Specification of Assets	**0**	0	0	0
Abandonment of assets in the course of construction	**0**	0	0	0
Unforeseen obsolescence	**0**	0	0	0
Loss as a result of catastrophe	**0**	0	0	0
Other	**0**	0	0	0
Changes in market price	**1,219**	0	1,219	257
Total Impairments for PPE Charged to Reserves	**1,219**	0	1,219	257
Total Impairments of Property, Plant and Equipment	**1,397**	**0**	**1,397**	**800**
Total Impairments of Intangibles	**0**	**0**	**0**	**0**
Total Impairments of Financial Assets	**0**	**0**	**0**	**0**
Total Impairments of Non-Current Assets Held for Sale	**0**	**0**	**0**	**0**
Total Impairments of Inventories	**0**	**0**	**0**	**0**
Total Investment Property Impairments	**0**	**0**	**0**	**0**
Total Impairments charged to Revaluation Reserve	**1,219**	**0**	**1,219**	**257**
Total Impairments charged to SoCNE - DEL	**0**	**0**	**0**	**20**
Total Impairments charged to SoCNE - AME	**178**	**0**	**178**	**523**
Overall Total Impairments	**1,397**	**0**	**1,397**	**800**
Of which:				
Impairment on revaluation to "modern equivalent asset" basis	**0**	0	0	0
Donated and Government Granted Assets, included above				
PPE - Donated and Government Granted Asset Impairments: amount charged to SoCNE -DEL	**0**	0	0	0
Intangibles - Donated and Government Granted Asset Impairments: amount charged to SoCNE -AME	**0**	0	0	0

15. Investment Property

The PCT did not have any investment property as at 31 March 2013 or 31 March 2012.

16. Commitments

16.1 Capital Commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements:

	31 March 2013	31 March 2012
	£000	£000
Property, plant and equipment	**0**	439
Intangible assets	**0**	0
Total	**0**	439

16.2 Other Financial Commitments

The PCT has not entered into any non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements) in 2012-13 or 2011-12.

17. Intra-Government and Other Balances

	Current receivables £000	**Non-current receivables £000**	**Current payables £000**	**Non-current payables £000**
Balances with other Central Government Bodies	**4,345**	**0**	**3,327**	**0**
Balances with Local Authorities	**694**	**0**	**0**	**0**
Balances with NHS bodies outside the Departmental Group	**0**	**0**	**0**	**0**
Balances with NHS Trusts and Foundation Trusts	**805**	**0**	**4,934**	**0**
Balances with Public Corporations and Trading Funds	**0**	**0**	**0**	**0**
Balances with bodies external to government	**591**	**0**	**21,182**	**0**
At 31 March 2013	**6,435**	**0**	**29,443**	**0**
Balances with other Central Government Bodies	1,341	0	1,662	0
Balances with Local Authorities	53	0	1,311	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	2,817	0	3,539	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	1,285	0	17,588	0
At 31 March 2012	5,496	0	24,100	0

18. Inventories

	Drugs £000	Consumables £000	Energy £000	Work in Progress £000	Loan Equipment £000	Other £000	**Total £000**
Balance at 1 April 2012	0	0	0	0	55	46	**101**
Additions	0	0	0	0	0	0	**0**
Inventories recognised as an expense in the period	0	0	0	0	(55)	(46)	**(101)**
Write-down of inventories (including losses)	0	0	0	0	0	0	**0**
Reversal of write-down previously taken to SoCNE	0	0	0	0	0	0	**0**
Transfers (to)/from other Public Sector bodies	0	0	0	0	0	0	**0**
Balance at 31 March 2013	0	0	0	0	0	0	**0**

19.1 Trade and Other Receivables

	Current		Non-Current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
NHS receivables - revenue	**730**	4,087	**0**	0
NHS receivables - capital	**0**	0	**0**	0
NHS prepayments and accrued income	**4,346**	0	**0**	0
Non-NHS receivables - revenue	**1,046**	862	**0**	0
Non-NHS receivables - capital	**0**	0	**0**	0
Non-NHS prepayments and accrued income	**285**	450	**0**	0
Provision for the impairment of receivables	**(90)**	(32)	**0**	0
VAT	**99**	66	**0**	0
Current part of PFI and other PPP arrangements prepayments and accrued income	**0**	0	**0**	0
Interest receivables	**0**	6	**0**	0
Finance lease receivables	**0**	0	**0**	0
Operating lease receivables	**0**	56	**0**	0
Other receivables	**19**	1	**0**	0
Total	**6,435**	5,496	**0**	0
Total current and non current	**6,435**	5,496		
Included above:				
Prepaid pensions contributions	**0**	0		

The great majority of trade is with other NHS bodies, including other PCT as commissioners for NHS patient care services. As PCT are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary.

19.2 Receivables Past Their Due Date but not Impaired

	31 March 2013 £000	31 March 2012 £000
By up to three months	**161**	138
By three to six months	**54**	43
By more than six months	**48**	34
Total	**263**	215

19.3 Provision for Impairment of Receivables

	2012-13 £000	2011-12 £000
Balance at 1 April 2012	**(32)**	(4)
Amount written off during the year	**0**	0
Amount recovered during the year	**0**	0
(Increase)/decrease in receivables impaired	**(58)**	(28)
Balance at 31 March 2013	**(90)**	(32)

20. NHS LIFT Investments

	Loan £000	**Share capital £000**	**Total £000**
Balance at 1 April 2012	**118**	**0**	**118**
Additions	**28**	**0**	**28**
Disposals	**0**	**0**	**0**
Loan repayments	**0**	**0**	**0**
Revaluations	**0**	**0**	**0**
Loans repayable within 12 months	**0**	**0**	**0**
Balance at 31 March 2013	**146**	**0**	**146**
Balance at 1 April 2011	146	0	0
Additions	0	0	0
Disposals	0	0	0
Loan repayments	0	0	0
Revaluations	0	0	0
Loans repayable within 12 months	0	0	0
Balance at 31 March 2012	146	0	146

21.1 Other Financial Assets - Current

	31 March 2013 £000	31 March 2012 £000
Opening balance 1 April	0	0
Transfers (to)/from Other Public Sector Bodies in year	0	0
Other Movements	0	0
Closing balance 31 March	**0**	0

21.2 Other Financial Assets - Non Current

	31 March 2013 £000	31 March 2012 £000
Opening balance 1 April	**146**	146
Additions	0	0
Revaluation	0	0
Impairments	0	0
Impairment Reversals	0	0
Transferred to current financial assets	0	0
Disposals	0	0
Transfers (to)/from Other Public Sector Bodies in year	0	0
Total Other Financial Assets - Non Current	**146**	146

21.3 Other Financial Assets - Capital Analysis

	31 March 2013 £000	31 March 2012 £000
Capital Expenditure	**0**	0
Capital Income	**0**	0

22. Other Current Assets

As at 31 March 2013 the PCT did not have any Other Current Assets (nil as at 31 March 2012).

23. Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Opening balance	**3,800**	1
Net change in year	**11,769**	3,799
Closing balance	**15,569**	3,800
Made up of		
Cash with Government Banking Service	**15,569**	3,799
Commercial banks	**0**	0
Cash in hand	**0**	1
Current investments	**0**	0
Cash and cash equivalents as in statement of financial position	**15,569**	3,800
Bank overdraft - Government Banking Service	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in statement of cash flows	**15,569**	3,800
Patients' money held by the PCT, not included above	**0**	0

24. Non-Current Assets Held for Sale	Land	Buildings, excl. dwellings	Dwellings	Asset Under Construction and Payments on Account	Plant and Machinery	Transport and Equipment	Information Technology	Furniture and Fittings	Intangible Assets	**Total**
	£000	£000	£000	£000	£000	£000	£000	£000	£000	**£000**
Balance at 1 April 2012	0	0	0	0	0	0	0	0	0	**0**
Plus assets classified as held for sale in the year	353	0	0	0	0	0	0	0	0	**353**
Less assets sold in the year	(327)	0	0	0	0	0	0	0	0	**(327)**
Less impairment of assets held for sale	0	0	0	0	0	0	0	0	0	**0**
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0	0	0	0	**0**
Transfers (to)/from other Public Sector bodies	0	0	0	0	0	0	0	0	0	**0**
Revaluation	(26)	0	0	0	0	0	0	0	0	**(26)**
Balance at 31 March 2013	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Liabilities associated with assets held for sale at 31 March 2013	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Balance at 1 April 2011	0	0	0	0	0	0	0	0	0	**0**
Plus assets classified as held for sale in the year	0	0	0	0	0	0	0	0	0	**0**
Less assets sold in the year	0	0	0	0	0	0	0	0	0	**0**
Less impairment of assets held for sale	0	0	0	0	0	0	0	0	0	**0**
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0	0	0	0	**0**
Balance at 31 March 2012	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Liabilities associated with assets held for sale at 31 March 2012	0	0	0	0	0	0	0	0	0	0

25. Trade and Other Payables

	Current		Non-Current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
Interest payable	**0**	0	**0**	0
NHS payables - revenue	**4,149**	5,195	**0**	0
NHS payables - capital	**0**	0	**0**	0
NHS accruals and deferred income	**3,495**	0	**0**	0
Family Health Services (FHS) payables	**8,702**	6,852	**0**	0
Non-NHS payables - revenue	**6,891**	3,204	**0**	0
Non-NHS payables - capital	**488**	629	**0**	0
Non-NHS accruals and deferred income	**5,110**	7,354	**0**	0
Social security costs	**277**	6	**0**	0
VAT	**0**	0	**0**	0
Tax	**324**		**0**	0
Payments received on account	**7**	578	**0**	0
Other	**0**	282	**0**	0
Total	**29,443**	24,100	**0**	0
Total payables (current and non-current)	**29,443**	24,100		

Other payables include £0 (2011-12: £0) in respect of payments due in future years under arrangements to buy out the liability for early retirements over 5 instalments; and £0 (2011-12: £0) in respect of outstanding pensions contributions at 31 March 2013.

26. Other Liabilities

	Current		Non-Current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
PFI/LIFT deferred credit	**0**	0	**0**	**0**
Lease incentives	**0**	0	**0**	**0**
Other	**0**	0	**0**	**0**
Total	**0**	0	**0**	0
Total other liabilities (current and non-current)	**0**	0		

27. Borrowings

	Current		Non-Current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
Bank overdraft - Government Banking Service	**0**	0	**0**	0
Bank overdraft - commercial banks	**0**	0	**0**	0
PFI liabilities:				
Main liability	**0**	0	**0**	0
Lifecycle replacement received in advance	**0**	0	**0**	0
LIFT liabilities:				
Main liability	**0**	0	**0**	0
Lifecycle replacement received in advance	**0**	0	**0**	0
Finance lease liabilities	**0**	0	**0**	0
Other	**0**	0	**0**	0
Total	**0**	0	**0**	0
Total other liabilities (current and non-current)	**0**	**0**		

28. Other Financial Liabilities

As at 31 March 2013 the PCT did not have any Other Financial Liabilities (nil as at 31 March 2012).

29. Deferred Income

	Current		Non-Current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
Opening balance at 1 April 2012	**0**	0	**0**	0
Deferred income addition	**0**	0	**0**	0
Transfer of deferred income	**0**	0	**0**	0
Current deferred Income at 31 March 2013	**0**	0	**0**	0
Total other liabilities (current and non-current)	**0**	0		

30. Finance Lease Obligations

The PCT does not hold any finance lease obligations at 31 March 2013 (nil as at 31 March 2012).

31. Finance Lease Receivables as Lessor

The PCT did not have any Finance Leases (as lessor) in 2012-13 or in 2011-12.

32. Provisions

	Total £000	Pensions to Former Directors £000	Pensions Relating to Other Staff £000	Legal Claims £000	Restructuring £000	Continuing Care £000	Equal Pay £000	Agenda for Change £000	Other £000	Redundancy £000
Balance at 1 April 2012	**612**	0	0	0	409	101	0	0	102	0
Arising During the Year	**1,693**	0	0	19	94	1,326	0	0	150	104
Utilised During the Year	**(38)**	0	0	0	0	(38)	0	0	0	0
Reversed Unused	**(574)**	0	0	0	(409)	(63)	0	0	(102)	0
Unwinding of Discount	**0**	0	0	0	0	0	0	0	0	0
Change in Discount Rate	**0**	0	0	0	0	0	0	0	0	0
Transferred (to)/from other Public Sector bodies	**0**	0	0	0	0	0	0	0	0	0
Balance at 31 March 2013	**1,693**	**0**	**0**	**19**	**94**	**1,326**	**0**	**0**	**150**	**104**
Expected Timing of Cash Flows:										
No Later than One Year	**367**	0	0	19	94	0	0	0	150	104
Later than One Year and not later than Five Years	**1,326**	0	0	0	0	1,326	0	0	0	0
Later than Five Years	**0**	0	0	0	0	0	0	0	0	0

Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:	
As at 31 March 2013	**336**
As at 31 March 2012	**612**

Analysis of Provisions - Current / Non Current

	Current		**Non-Current**	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013** £000	31 March 2012 £000
Pensions to Former Directors	**0**	0	**0**	0
Pensions Relating to Other Staff	**0**	0	**0**	0
Legal Claims	**19**	0	**0**	0
Restructuring	**94**	409	**0**	0
Continuing Care	**0**	101	**1,326**	0
Equal Pay	**0**	0	**0**	0
Agenda for Change	**0**	0	**0**	0
Other	**150**	102	**0**	0
Redundancy	**104**	0	**0**	0
Total	**367**	612	**1,326**	0
Total Provisions (current and non-current)	**1,693**	612		

32. Provisions (continued)

Legal Claims

These are costs that are based on legal advice as to the probability of claims materialising and the likely costs arising from injury allowance, claims from employees and non clinical claims.

Restructuring

In 2011-12, £408,366 was included for possible costs arsing from the restructuring of Solutions for Public Health, a national service hosted by Milton Keynes PCT. This provision has been reversed unused during 2012-13. A new provision has been taken of £93,808 for future costs arising from the PCT closure and transition to new commissioners. Such costs include agency fees for staff employed to close the PCT's books and produce the annual accounts.

Continuing Healthcare

As stated in the Accounting Policy note for Continuing Healthcare, Note 1 to the accounts, the provision taken relates to new requests for assessment following the announcement by the DH in March 2012 of a deadline for individuals to request an assessment of eligibility for NHS Continuing Care funding for the period 1 April 2004 to 31 March 2012. The provision is based on the expected value of claims arising from the total number of requests received for retrospective assessment in connection with the announcement. The closing balance for the provision for the year 2012-13 is £1,326,000 (2011-12: £101,000).

Other

In 2011-12 a provision of £102,285 was taken for the potential cost of treatment for a patient. The provision is now longer required and has been reversed unused. A further provision of £150,000 has been taken to reflect a potential liability arising from the transfer of Community Services from its current host, Bedford General Hospital NHS Trust to Central & North West London Mental Health NHS Foundation Trust.

Redundancy

A provision of £103,733 for potential future redundancy costs for staff displaced through the reconfiguration of NHS commissioning services but who have been retained for a time limited period to assist with the closure and other transitional requirements for the PCT.

NHS Litigation Authority

The NHS Litigation Authority has included £336,000 of provisions in their accounts as at 31 March 2013 in respect of clinical negligence claims of the PCT (£0 at 31 March 2012).

33. Contingencies

	31 March 2013 £'000	31 March 2012 £000
Contingent Liabilities		
Equal Pay	**0**	0
Other	**0**	0
Amounts Recoverable Against a Contingent Liability	**0**	0
Net Value of Contingent Liabilities	**0**	0
Contingent Assets		
Contingent Assets	**0**	0
Net Value of Contingent Liabilities	**0**	0

34. LIFT Schemes

Charges to operating expenditure and future commitments in respect of on and off SoFP LIFT	**31 March 2013**	31 March 2012
	£000	£000
Total Charge to Operating Expenses in year - Off SoFP LIFT	**0**	607
Service element of on SoFP LIFT charged to operating expenses in year	**0**	0
Total	**0**	607

	31 March 2013	31 March 2012
	£000	£000
Payments committed to in respect of off SoFP LIFT and the service element of on SoFP LIFT		
LIFT Scheme Expiry Date:		
No Later than One Year	**0**	606
Later than One Year, No Later than Five Years	**0**	2,239
Later than Five Years	**0**	3,688
Total	**0**	6,533

The estimated annual payments in future years are expected to be materially different from those which the NHS Trust is committed to make during the next year. The likely financial effect of this is:

	£000	£000
Estimated capital value of project - off SoFP LIFT	**0**	3,550
Value of Deferred Assets - off SoFP LIFT	**0**	0
Value of Residual Interest - off SoFP LIFT	**0**	0

Imputed "finance lease" obligations for on SoFP LIFT Contracts due	**31 March 2013**	31 March 2012
	£000	£000
No Later than One Year	**0**	0
Later than One Year, No Later than Five Years	**0**	0
Later than Five Years	**0**	0
Subtotal	**0**	0
Less: Interest Element	**0**	0
Total	**0**	0

35. Impact of IFRS Treatment

	Total	Admin	Programme
	£000	£000	£000
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g. LIFT/PFI)			
Depreciation charges	**0**	0	0
Interest Expense	**0**	0	0
Impairment charge - AME	**0**	0	0
Impairment charge - DEL	**0**	0	0
Other Expenditure	**0**	0	0
Revenue Receivable from subleasing	**0**	0	0
Total IFRS Expenditure (IFRIC12)	**0**	0	0
Revenue consequences of LIFT/PFI schemes under UK GAAP / ESA95 (net of any sublease income)	**0**	0	0
Net IFRS change (IFRIC12)	**0**	0	0

36. Financial Instruments

Financial risk management
Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. As the cash requirements of the PCT are met through Parliamentary Funding, financial instruments play a more limited role in creating risk that would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the PCT's expected purchase and usage requirements and the PCT is therefore exposed to little credit, liquidity or market list.

Currency risk

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

Interest rate risk

PCTs are not permitted to borrow. The PCT therefore has low exposure to interest-rate fluctuations

Credit Risk

Because the majority of the PCT's income comes from funds voted by Parliament the PCT has low exposure to credit risk.

Liquidity Risk
The PCT is required to operate within limits set by the Secretary of State for the financial year and draws down funds from the Department of Health as the requirement arises. The PCT is not, therefore, exposed to significant liquidity risks.

36.1 Financial Assets

	At 'fair value through profit and loss'	Loans and receivables	Available for sale	Total
	£000	£000	£000	£000
Embedded derivatives	**0**	**0**	**0**	**0**
Receivables - NHS	**0**	**730**	**0**	**730**
Receivables - non-NHS	**0**	**1,046**	**0**	**1,046**
Cash at bank and in hand	**0**	**15,569**	**0**	**15,569**
Other financial assets	**0**	**146**	**0**	**146**
Total at 31 March 2013	**0**	**17,491**	**0**	**17,491**
Embedded derivatives	0	0	0	0
Receivables - NHS	0	4,032	0	4,032
Receivables - non-NHS	0	862	0	862
Cash at bank and in hand	0	3,800	0	3,800
Other financial assets	0	146	0	146
Total at 31 March 2012	0	8,840	0	8,840

36.2 Financial Liabilities

	At 'fair value through profit and loss'	Other	Total
	£000	£000	£000
Embedded derivatives	**0**	**0**	**0**
NHS payables	**0**	**4,149**	**4,149**
Non-NHS payables	**0**	**6,891**	**6,891**
Other borrowings	**0**	**0**	**0**
PFI & finance lease obligations	**0**	**0**	**0**
Other financial liabilities	**0**	**0**	**0**
Total at 31 March 2013	**0**	**11,040**	**11,040**
Embedded derivatives	0	0	**0**
NHS payables	0	5,140	**5,140**
Non-NHS payables	0	3,833	**3,833**
Other borrowings	0	0	**0**
PFI & finance lease obligations	0	0	**0**
Other financial liabilities	0	0	**0**
Total at 31 March 2012	**0**	**8,973**	**8,973**

37. Related Party Transactions

Milton Keynes PCT is a body corporate established by order of the Secretary for State for Health.

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with Milton Keynes PCT with the exception of those shown below:

Board Member	Related Party	Relationship to Related Party	Payments to Related Party	Receipts from Related Party	Amounts Owed to Related Party	Amounts Due from Related Party
Dr Sarah Whiteman, Medical Director	Stonedean Practice	Partner	£564,211	£0	£0	£0

The Department of Health is regarded as a related party. During the year, Milton Keynes PCT has had a significant number of material transactions with the Department and with other entities for this the Department is regarded as the parent department. These entities are listed below:

	Payments to Related Party	Receipts from Related Party	Amounts Owed to Related Party	Amounts Due from Related Party
	£'000	£'000	£'000	£'000
Milton Keynes Hospital NHS Foundation Trust	123,446	27	2,042	93
Bedford Hospital NHS Trust	57,952	2,789	1,129	692
Leicestershire County And Rutland PCT	36,712	11	114	0
South Central Ambulance Service NHS Foundation Trust	8,262		2	0
Oxford University Hospitals NHS Trust	8,104		0	0
Northampton General Hospital NHS Trust	6,694		562	0
Milton Keynes Council	7,430	288	0	684
Northamptonshire Teaching PCT	4,783	327	2,236	3,847
Buckinghamshire Healthcare NHS Trust	2,736		140	0
Luton And Dunstable Hospital NHS Foundation Trust	1,434		409	0
Oxford Health NHS Foundation Trust	1,043	2	42	0

38. Losses and Special Payments

The total number of losses cases in 2012-13 and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Losses - PCT management costs	**0**	**0**
Special payments - PCT management costs	**0**	**0**
Losses in respect of the provision of family practitioner services	**31019**	**1**
Special payments in respect of he provision of family practitioner services	**0**	**0**
Total losses	**31,019**	**1**
Total special payments	**0**	**0**
Total losses and special payments	**31,019**	**1**

The total number of losses cases in 2011-12 and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Losses - PCT management costs	0	0
Special payments - PCT management costs	0	0
Losses in respect of the provision of family practitioner services	0	0
Special payments in respect of he provision of family practitioner services	0	0
Total losses	0	0
Total special payments	0	0
Total losses and special payments	0	0

39. Third Party Assets

The PCT did not hold any third party assets in 2012-13 or 2011-12.

40. Cashflows Relating to Exceptional Items

There were no cashflows relating to exceptional items in 2012-13 or 2011-12.

41. Events After the End of the Reporting Period

The PCT has successfully implemented the Health and Social Care Act 2012. This resulted in the abolition of the PCT on 31 March 2013 and the transfer of statutory responsibilities and relevant assets and liabilities, as appropriate, to the successor organisations; Clinical Commissioning Groups, Greater East Midlands Commissiong Support Unit, NHS Proprty Services Limited, Northamptonshire County Council and the National Commissioning Board.

The Act transferred the majority of the NHS annual budget of approximately £80b to GP's who will commission services on behalf of their patients. By 1 April 2013 all GP practices in England will join with colleagues to become part of a Clinical Commissioning Group (CCG).

Milton Keynes has one CCG, NHS Milton Keynes CCG with 28 practices based in the Milton Keynes area.

To facilitate the transition process the Board of NHS Milton Keynes established a Transition and Closure Board in the autumn of 2012 with the remit to ensure:

- Successful closedown of the PCT;
- Support for the establishment of a range of new commissioning organisations;
- A seamless handover to receiving organisations; and
- Continuity of business as usual

The group was chaired by a Director of Transition, with senior staff holding clear leadership roles for key functional transfers. Internal Audit was involved in the establishment and operational review of transition processes and significant assurance was provided that controls were adequate.

The Transition and Closedown Board worked to a tight operational plan and received monthly update reports on the relevant workstreams focussing on the closing down and transition functions supported by a Transition and Closedown Risk Register which was presented to and considered by the Board on a monthly basis.

The Transition and Closedown Board discharged its duties effectively and efficiently ensuring a smooth transition of responsibilities to successor organisations on 1 April 2013.

Glossary of NHS Abbreviations

AME	Annually Managed Expenditure
APMS	Alternative Provider Medical Services
AVC	Additional Voluntary Contributions
CCG	Clinical Commissioning Group
CNST	Clinical Negligence Scheme for Trusts
CRL	Capital Resource Limit
DAT	Drug Action Team
DEL	Departmental Expenditure Limits
DEP'N	Depreciation
DH	Department of Health
ELS	Existing Liabilities Scheme
ESA	European System of Accounts
FHS	Family Health Services
FREM	Finance Reporting Manual
FT	Foundation Trust
GAAP	Generally Accepted Accounting Principles
GDS	General Dental Services
GMS	General Medical Services
IAS	International Accounting Standards
IFRIC	Internal Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
LIFT	Local Improvement Finance Trust
NBV	Net Book Value
NHS BSA	NHS Business Services Authority
NHSLA	NHS Litigation Authority
PCT	Primary Care Trust
PCTMS	Primary Care Trust Medical Services
PDS	Personal Dental Services
PEC	Professional Executive Committee
PFI	Private Finance Initiative
PMS	Personal Medical Services
PPD	Prescription Pricing Division
PPE	Property, Plant & Equipment
PPP	Public Private Partnership
RAB	Resource Accounting & Budgeting
RRL	Revenue Resource Limit
SIC	Standing Interpretation Committee
SMPTB	Substance Misuse Pooled Treatment Budget
SoCNE	Statement of Comprehensive Net Expenditure
SoFP	Statement of Financial Position
TCS	Transforming Community Services