Department of Health

NHS

NHS Birmingham and Solihull Cluster Primary Care Trusts

2012-13 Annual Report and Accounts

Birmingham East and North Primary Care Trust

Heart of Birmingham Primary Care Trust

Solihull Primary Care Trust

South Birmingham Primary Care Trust

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NHS Birmingham and Solihull Cluster Primary Care Trusts

2012-13 Annual Report

Birmingham East and North Primary Care Trust
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Solihull Primary Care Trust
South Birmingham Primary Care Trust

ANNUAL REPORT & ACCOUNTS

1 April 2012 – 31 March 2013

This document represents the Annual Report and Accounts (including Operating and Financial Review) of NHS Birmingham and Solihull for the 12 month period 1 April 2012 to 31 March 2013.

June 2013

WELCOME FROM CLUSTER CHAIR JENNI ORD

It is my privilege to welcome you to this final annual report for the Birmingham and Solihull Cluster. The report sets out how our plans for 2012-13 have been met and describes performance overall. It also provides some illustrations of how our services have been tailored to meet patient needs.

The report is an important part of our legacy to the new healthcare commissioning system as it tracks the considerable achievements of the PCTs and hands on an excellent foundation for the future.

While there will be no formal presentation of this report to an annual general meeting this year, I do commend this report to you as it serves to recognise the work done by the PCT Cluster on behalf of patients.

Our focus as a Cluster in 2012-13 has been to meet existing demands for services, ensuring that these are of the right quality, and to support the transfer of responsibilities for commissioning healthcare services to a number of new organisations.

It has been a year in which enormous effort and dedication has been called for from staff, clinical colleagues and partners. It has meant that the changes required of us have been delivered to time with no detriment to patient services. I want to thank everyone who has played their part and made such a difference during this challenging time.

The important contribution made by individuals, teams and the organisation as a whole is characterised by the two Chief Executives who have led the Cluster during the year – Denise McLellan and Wendy Saviour. Their Director colleagues, and especially the new team that arrived in October, have really had to hit the ground running to meet all the demands in such a limited period of time.

Thanks are also due to our patients, people who represent them, and our local communities. They have helped shape our plans as a Cluster and some further developments that will be taken forward by clinically-led commissioning groups.

Despite the amount of change our service performance has held up well. There has been pressure on urgent care services over this severe winter but it has been encouraging to see the amount of collaboration across the wider health system in responding to these growing demands.

It is also good to report that the quality of our services and our financial position have remained sound.

All this has been done in the context of the bigger issues facing us – the need for savings and the growing costs of healthcare, set against the backdrop of an ageing population and rising birth rates, especially in Birmingham.

Developing the new system will continue to present a tough challenge for our successors. It has been pleasing to see how well our local Clinical Commissioning Groups have been doing already. Their efforts to find better ways of working and consulting and involving local people in exploring how services might change are particularly encouraging.

Finally, I want to wish everyone well wherever the future might take them. Some people are moving on to new opportunities and challenges outside the NHS. Others have a part to play in the new organisations tasked with taking forward our legacy and working with the vibrant communities of Birmingham and Solihull to shape an NHS service to be proud of.

REPORT FROM BIRMINGHAM AND SOLIHULL CLUSTER CHIEF EXECUTIVE WENDY SAVIOUR

It is a pleasure to be able to say that, despite what has been an enormously challenging year for the Birmingham and Solihull PCT Cluster – made up of the Birmingham East and North, Heart of Birmingham, Solihull and South Birmingham Primary Care Trusts (PCTs) – we have managed to achieve a great deal.

The focus during 2012-13 has been to prepare and establish new NHS organisations in the area – especially our four Clinical Commissioning Groups (Birmingham Cross City, Birmingham South Central, Sandwell and West Birmingham, and Solihull), the Central Midlands Commissioning Support Unit, and the local Area Team of NHS England – to take on their responsibilities from 1 April 2013, and to ensure the effective transfer of Public Health service functions to local authorities.

It has been particularly important to support all staff from PCTs in Birmingham and Solihull, whether they have chosen to take up posts in the new organisations or to pursue other opportunities. The commitment and professionalism of our staff during the year has been remarkable, given the considerable personal and organisational uncertainty people working in the PCT Cluster have experienced. Despite this, staff have remained dedicated to maintaining and continuing to develop services for the benefit of patients. The Birmingham and Solihull PCT Cluster Board members and I are extremely grateful to all our colleagues for their resilience, commitment and professional approach over this period. We wish everyone the very best in their individual futures, whether that is within new NHS organisations or new sectors.

The Cluster has successfully secured the PCTs' legacy, producing formal handover documents for the new commissioning bodies and also more detailed information that will offer them practical support and assistance.

The Cluster has also successfully transferred service contracts, staff, systems and processes. We have worked to resolve all outstanding issues before the end of the year. Inevitably a number remain unresolved but all have been appropriately transferred to relevant bodies.

Throughout these changes we have remained focused on maintaining quality and safety across services in Birmingham and Solihull, and improving patient and public health and wellbeing.

As part of the transition process we have nurtured existing relationships with partner bodies and have actively encouraged integration and collaboration to deliver better services for our population. We have made considerable progress on the basis of The Compact, a formal agreement set up in 2011-12 by health services and local government to work collaboratively across Birmingham and Solihull. In the reporting year The Compact has generated a range of targeted workstreams to improve the quality of services for patients, such as the frail elderly people's care framework.

During 2012-13 we have continued to develop innovative approaches where possible, particularly in tackling specific health and wellbeing issues such as sexual health and teenage pregnancy.

A major challenge in the past year has been rising demand for urgent care services, which has put considerable pressure on the resources of the health system. Working closely with emergent CCGs and our providers, we have developed alternatives to Accident and Emergency, and improved services in Primary Care.

We have supported the establishment of acute medical clinics at the University Hospitals Birmingham NHS Foundation Trust, and anticipate that this will result in 5,814 fewer patients having to be admitted to hospital in the year. This initiative has already been successfully adopted by the Heart of England NHS Foundation Trust and is being considered for roll-out across acute care providers in Birmingham and Solihull.

As the Birmingham and Solihull PCTs close, I believe the public we serve can be reassured that the quality and provision of services has been maintained and developed, while the change from existing organisations to new successor bodies has been handled well.

I believe this legacy creates a strong basis on which Clinical Commissioning Groups, the Commissioning Support Unit, NHS England and local authorities can build. Once again, I would like to say a huge thank you to all those staff who delivered this firm foundation for the future development of better services for the patients and citizens of Birmingham and Solihull.

ACHIEVEMENTS

During 2012-13, the Cluster achievements included the following:

- Three new health centres opened in Birmingham:
    - Attwood Green - a purpose-built six-storey building in a regeneration area of Birmingham City Centre

- Sparkbrook and Sparkhill Health Centres were opened in 2012 - Sparkbrook is a £12 million health and community centre opened on the site of a church struck by a tornado seven years before. The three-storey building will serve around 15,000 patients and houses three GP practices.

- The Compact programme continued to lead on the transformation programme for Birmingham and Solihull. The Compact is an agreement between NHS and social care organisations across Birmingham and Solihull, under which there is a commitment to partnership working in order to deliver improved health and wellbeing for patients and the public. It means all NHS organisations - commissioners and providers - share collective leadership for the large areas of improvement. At a time of major change this has provided stability and collective leadership across organisations to help ensure a smooth transition.

- There was a strengthened approach to safeguarding and children's services, with a major redesign of frontline services, an increased emphasis on improving links with partners, and the development of a multi-agency safeguarding hub. To enhance these improvements, a major programme of work was initiated to create a joined-up information system for the benefit of patients and improved healthcare. The Central Care Record development is an initiative that has been adopted by all the main health organisations within Birmingham and Solihull. It consolidates critical pieces of information from GP-held patient records, together with items from secondary care and other providers. The information contained within it will be held securely, and only available to those who need it. Access to the record, unless there are exceptional circumstances, will be at the express consent of the patient.

- The development of Acute Medical Clinics. They run each day and treat patients with complicated health problems, who have initially been seen in the A&E department and who would otherwise have been admitted for a short stay in hospital. Patients have all necessary tests done and are then seen by a consultant, resulting in 80 per cent of people going home with a diagnosis and appropriate treatment rather than having to stay in hospital. The clinics also increase the number of beds available for those patients who really need them and improve the flow through the A&E department. The clinics started as a pilot at the Queen Elizabeth Hospital and have since been extended to Heartlands and Good Hope hospitals.

THE CHANGING NHS

PRIMARY CARE

This past year has seen the NHS go through a major reorganisation nationally and locally in preparation for the changes set out in the Health and Social Care Act 2012.

A priority has been to ensure the Cluster continues to provide its local population with high-quality patient-centred Primary Care during this transition period and in the future.

The Cluster has played a significant role in ensuring that the new system is in place and that local organisations are ready to assume their Primary Care responsibilities, working in collaboration as well as individually to meet the needs of their population.

During 2012-13 joint health and wellbeing strategies have been developed across the Cluster, based on Joint Strategic Needs Assessments. These inform local commissioning plans and priority setting for the coming year.

Local Arrangements

At the heart of the changes has been the creation of Clinical Commissioning Groups (CCGs) that will use their knowledge of the populations they serve to commission services focused on local health needs. They will bring services closer to local communities, commissioning from a range of providers, as well as working alongside Primary Care, which will be commissioned by NHS England.

Local authorities have a significant role to play in the delivery of Public Health services and also in partnership with CCGs to improve the health and wellbeing of their communities.

A Health and Wellbeing Board in both Birmingham and Solihull will act as the locally-led forum where health and social care leaders work together to improve the health and wellbeing of their local population and to reduce health inequalities. Members will collaborate to understand local needs, agree priorities, and encourage commissioners to work in a more joined-up way. The Cluster has worked with Shadow Health and Wellbeing Boards during transition to agree terms of reference and arrangements such as meetings schedules.

Local Healthwatch organisations will take over from LINks (Local Involvement Networks) in both Birmingham and Solihull, to act as independent consumer champions and be represented on Health and Wellbeing Boards. Run by staff and volunteers, they aim to strengthen the collective voice of local people and anyone who uses health and social care services.

Commissioning Support

The Cluster wants the GP practices and other clinical professionals that make up the Clinical Commissioning Groups to be able to make the most of their clinical expertise and focus their knowledge of local health needs where it is most effective.

During the year the Birmingham and Solihull Cluster, therefore, worked with the shadow CCGs to provide them with specialist support in non-clinical areas that will have an impact on the quality of Primary Care provision. The Central Midlands Commissioning Support Unit will enable clinical leaders to access a range of business and management support such as communications and engagement and data management services, as and when they need it.

National Organisations

The NHS reforms have created a number of national bodies that will oversee the commissioning and delivery of Primary Care at local level.

NHS England will oversee, support, and hold to account CCGs in their commissioning activity from providers, and will itself commission Primary Care services for communities effectively and in line with national standards. It will also, through the local Area Team, directly commission specialised services for the Birmingham and Solihull populations. The Cluster's main link to NHS England is through the newly formed Area Team, which covers the whole of Birmingham, Solihull and the Black Country. This will provide the opportunity for focusing on the quality of Primary Care and ensuring improved services and reduced variation.

NHS Property Services has taken over ownership and management of some Primary Care Trust property, including many GP practices and administrative buildings, to ensure a safe and well-maintained environment for Primary Care patients.

Healthwatch England, which was set up in 2012, is an independent consumer champion for health and social care in England. Through its network of local Healthwatch bodies and partners, it ensures the views of patients and other service users are heard by decision makers. It also makes sure local Healthwatch bodies share learning and experience in order to achieve consistent levels of public and patient involvement, enabling communities to have a real say in local Primary Care services.

Public Health England is the expert national Public Health agency that has responsibility for protecting health, addressing inequalities, and promoting the health and wellbeing of the nation. It incorporates the Health Protection Agency and provides specialist health protection, epidemiology and microbiology services across England. It supports local authorities (which from 1 April 2013 are responsible for Public Health locally) and the NHS to deliver improvements in Public Health, and leads responses to large-scale public health emergencies such as outbreaks of infectious diseases.

CLINICAL COMMISSIONING GROUPS

Throughout 2012-13 the Cluster has prepared and supported the emerging Clinical Commissioning Groups to ensure their readiness for their new responsibilities as local commissioners of health services. At the same time, the Cluster has also worked closely with local service providers to achieve the right balance of safe, effective, and patient-focused care for the local population.

During 2012-13, the CCGs were sub-committees of the PCT Cluster. In future, they will commission the majority of local health services, working closely with local authorities to undertake Joint Strategic Needs Assessments to determine their commissioning plans.

CCG Structures

Each CCG is made up of general practices within a locality who are all members of the CCG. This will enable CCGs to be membership organisations that are truly different – clinically-led and much closer to their communities and patients.

The number of staff employed by each of the CCGs varies, depending on their size and how they choose to operate. It is up to a CCG to decide what services to carry out in-house, share, or buy in.

The CCGs are all required to have a governing body overseeing governance, constitutional and operational arrangements, which must have a Chair, Accountable Officer and Finance Officer. During the year the CCGs have made appointments to these and to various other roles, depending on the agreed design of their supporting organisational structure.

CCG Development

The Cluster has been able to draw on guidance from the Department of Health on developing Clinical Commissioning Groups, from achieving initial authorisation to creating responsive and accountable CCGs ready to commission healthcare services to meet the needs of their local population.

In October 2012, the five CCGs in Birmingham and Solihull reduced to four when Birmingham CrossCity and Northeast Birmingham CCGs changed their configuration to become Birmingham CrossCity CCG.

The four CCGs within the Cluster area are:

- Birmingham South Central (BSC)
- Birmingham CrossCity (BCC)
- Solihull
- Sandwell and West Birmingham (SWB).

BIRMINGHAM CROSSCITY CCG

Birmingham CrossCity Clinical Commissioning Group (CCG) brings together a diverse set of clinicians and managers from a wide range of backgrounds, working to improve health outcomes for patients.

The CCG seeks to work productively with its partners to improve the health of the people of Birmingham.

Birmingham CrossCity is the fourth largest CCG in England in terms of population. It has 117 GP practices providing care for more than 730,000 registered patients across Birmingham.

The organisation now truly lives up to its name, extending from Rubery to Four Oaks.

It has sufficient scale to act strategically, working as an equal with large provider trusts and Birmingham City Council. At the same time, it is small enough to reflect local issues.

Local Commissioning Networks

The size and scope of Birmingham CrossCity CCG means that member practices benefit from an infrastructure that supports its 10 Local Commissioning Networks. These are groups of practices that work together to identify and address local needs through partnership working and engagement with communities.

The CCG is committed to supporting strategic and local initiatives led by its Local Commissioning Networks. The Chair of the Local Commissioning Networks group is a member of the CCG's Governing Body and, therefore, able to feed in issues to a higher level.

Based on this strong foundation, the CCG will commission high-quality healthcare that meets the needs of its entire population.

Priorities

Birmingham CrossCity cares about outcomes. Birmingham's health could be far better. Too many people in its communities have a poor start in life, too many develop conditions that could be prevented, and too few achieve the life expectancy of other areas of England.

As the very elderly population increases, the CCG will need to ensure that people are supported to live healthy, independent lives for as long as possible. There is also an increasing prevalence of chronic diseases, such as diabetes, and significant health inequalities. Around six in ten of the population live in some of the most deprived areas of England.

Birmingham CrossCity has been formed with a vision of transforming healthcare across this diverse city. The CCG's mission is to achieve excellence in commissioning through excellent Primary Care.

The CCG will develop integrated high-quality care to provide an increasing range of services, working with all its providers to ensure patients are treated in the right place and at the right time, providing a service that CCG members would be happy for themselves and their families to use.

To achieve this, the CCG has already formed strong, constructive relationships with its providers, patients and Birmingham City Council. The CCG understands the importance of working in collaboration with its colleagues in bordering CCGs to streamline care and adopt new ideas and pathways wherever they arise.

Achievements in 2012-13 include:

- Better management of illnesses by improved medicines management
- Better children's safeguarding referrals
- Helping patients see the right doctor when a visit to the hospital is necessary
- Improvement on the Choose and Book system
- Reducing care pathways for patients.

Working Together

The CCG is committed to involving all member practices in its commissioning agenda and engaging fully with its patients, carers and the wider public.

During 2012-13 Birmingham CrossCity held a number of public events to gather the views of local people. Several of its member practices have already developed Patient Participation Groups in their area, and two engagement events at the start of 2013 focused on the further development of such groups across the CCG. Feedback from public and patients who have attended events during the year has made a valuable contribution to the CCG's proposed Patient Engagement Implementation Plan for 2013-14.

Patients are at the heart of everything the CCG does. By working closely with patients, carers and the public it aims to improve the health of its local population.

Proposals in the pipeline to improve patient participation include:

- Support for Patient Participation Groups, development sessions for Chairs of groups

- Having Lay Advisors on the Governing Body
- Having clear channels for feedback through new media – online, social media

The CCG recognises the merits of joined-up working and is committed to working with key partners such as third sector organisations, Birmingham City Council, neighbouring local authorities, local NHS acute trusts, community providers, and neighbouring CCGs.

BIRMINGHAM SOUTH CENTRAL CCG

Birmingham South Central (BSC) CCG was authorised in February 2013. The end of the authorisation process marked a key point in the development of the organisation, and was evidence of the commitment and dedication of the clinicians, leaders and staff team within the organisation who had worked tirelessly to achieve this milestone.

All 47 member practices that make up the CCG are very excited about BSC's future as a commissioner in Birmingham and are keen to make a positive difference to patients and to the way local health and social care systems work together. BSC knows there are challenges, but also recognises the immense opportunities that the CCG faces.

As the lead commissioner in the city for children's and maternity services, BSC has a pivotal role to play in making sure that these services are fit for purpose and reflect the needs of the city's communities.

BSC wants local residents to be confident about its ability to manage care provision and to make the right decisions on their behalf. The CCG is looking forward to developing its plans further and realising its vision of delivering the best care, in the best place, at the best time for the people of Birmingham.

The areas of Birmingham that BSC's 47 member practices are responsible for cover a wide spectrum of health inequalities in the city. This can be seen in the differences in health outcomes experienced by local residents.

Achievements

The CCG's achievements in 2012-13 include:

- Working with Real Deal to run a personal development programme to support unemployed service users to gain either paid or voluntary employment

- Partnering with third sector organisations to conduct a peer review of Cardiac rehabilitation services
- Successfully renewing the Gynaecology ultrasound service
- Supporting professional networks to implement NHS Institute for Health and Care Excellence (NICE) guidance.

Involving Public and Patients

The CCG's membership is committed to making a difference for all patients, and BSC will do this by working in partnership with people at a local level. BSC wants to make sure that all patients have access to the highest quality Primary Care that helps to support their lifestyle and keeps them from unavoidably becoming unwell.
BSC's new role as a Primary Care commissioner within the city is simple but challenging – to reduce the gap in health inequalities as best it can. BSC can only achieve this by listening to its communities and patients.

Priorities

Over the coming year BSC has set itself a number of key priorities that go above and beyond those set centrally by the NHS. These focus on three main areas:

- mental health
- long-term conditions
- children and young people.

By 2016, with its patients, partners and communities at the heart of everything it does, BSC is committed to:

- increasing the life expectancy of people in the most deprived areas
- reducing unplanned hospitalisation for certain long-term conditions
- increasing access to mental health services for Black and Minority Ethnic (BME) communities
- reducing the number of children needing hospital care for lung and chest infections
- increasing the number of women able to choose to have their babies at home within the city
- reducing the number of people going back to hospital within a month of leaving

- improving the satisfaction levels of patients using accident and emergency services
- reducing the number of Healthcare-Associated Infections (HCAIs).

BSC has already set realistic plans in motion to achieve these commitments, and is confident in its ability as a membership organisation to deliver for the people of the city of Birmingham.

SANDWELL AND WEST BIRMINGHAM CCG

Sandwell and West Birmingham Clinical Commissioning Group (SWB CCG) is a clinically led membership organisation involving 110 GP practices serving patients across the Sandwell and west Birmingham area.

The organisation was authorised as a wave one CCG by the NHS Commissioning Board (now NHS England) on 5 December 2012 and took on the full range of its statutory duties on 1 April 2013.

Many of Sandwell and West Birmingham's GP members and staff have worked in the area for a long time and understand that, in order to make big improvements in health, the CCG needs to be driven locally by the people it serves.

The CCG has its own unique challenges. West Birmingham has been ranked the tenth most deprived local authority area in England, with a 68 per cent Black and Minority Ethnic (BME) population, while Sandwell is ranked the twelfth most deprived local authority in England, with a BME population of approximately 20 per cent.

As a result, the CCG's starting point when defining its commissioning priorities is the needs of local people. Sandwell and West Birmingham has begun the task of engaging with communities in its area. Working with colleagues in Public Health, it has assessed the health needs of its population and produced health profiles at practice, Local Commissioning Group (LCG) and CCG level. This process has given the CCG a much better understanding of the diversity of communities within its area, and the specific needs of those communities. Its response will be rooted in this understanding.

Three of the local priorities identified during the health needs assessment process are in the following areas:

- Urgent Care

- Child health and Safeguarding
- Long-term conditions.

These are consistent with the health and wellbeing strategies for Birmingham City Council and Sandwell Metropolitan Borough Council.

The CCG has worked hard with its member practices and a wide range of stakeholders to develop an understanding of the organisation's key challenges going forward.

It has also made great efforts to raise its profile with partners and stakeholders. This has resulted in Sandwell and West Birmingham being entrusted to take lead and co-ordinating responsibilities for the commissioning of West Midlands Ambulance Service across the whole of the West Midlands. The CCG is doing the same for NHS 111, and is also leading on Stroke reconfiguration across Birmingham and Solihull and has a co-ordinating role for Urgent Care across the Black Country.

Some of the CCG's other achievements during 2012-13 include:

- Reduction in A&E attendance by six per cent with GP engagement
- Promotion of effective medicines management
- Good examples of single-handed GPs working together
- Defining agreed patient experience standards
- End-of-life pilot - being rolled out across the CCG
- Dermatology – reductions in hospital attendances
- Improved access – radiography available in the community
- Award-winning patient consultation processes
- Hospital mortality levels within expected rates at Sandwell and West Birmingham Hospitals Trust (SWBHT)
- SWBHT best in group for clinical effectiveness against Procedures of Limited Clinical Value, good day case rates, and efficient outpatient follow-up (Dr Foster Hospital Guide).

The success of the CCG in planning and delivering its commissioning intentions, rests firmly on the involvement and engagement of its five Local Commissioning Groups and constituent member practices, patients, the public and stakeholders. One important partnership in which the CCG plays an integral role is 'Right Care, Right Here'. For more than 10 years the NHS locally has worked through Right Care, Right Here to transform and improve healthcare for patients across the Sandwell and west Birmingham area.

As of 1 April 2013 the CCG is responsible for designing and commissioning local health services including:

- Urgent and emergency care (including accident and emergency)
- Hospital services
- Community healthcare services and rehabilitation services
- Mental health and learning disability services
- Children's services
- Continuing healthcare for people with long-term conditions and complex needs
- Maternity and fertility services
- Wheelchair services, home oxygen, and treatment of infectious diseases.

Through 2013-14 the CCG will continue to develop and deliver on its commissioning intentions. It will work in partnership with other public services, patients, and communities to ensure it delivers seamless healthcare without boundaries.

SOLIHULL CCG

The year 2012-13 was one of progress for Solihull Clinical Commissioning Group - a year that culminated in the CCG being authorised to take over the commissioning of health services in Solihull from 1 April 2013.

This new responsibility is not without its challenges, but these are far outweighed by the opportunity the CCG has to help the people of Solihull live longer, healthier lives. As a clinically-led organisation the CCG has clinicians in the driving seat, which means it is better placed than ever to commission health services that will really meet the needs of patients.

Solihull CCG unites 31 GP practices across Solihull, along with the Church Road practice in Sheldon, in the shared desire to commission health services of the highest quality and standard for a population of more than 238,000 Solihull residents. Together, members are committed to delivering on the CCG's ambitious vision for improving health and care and reducing health inequalities across Solihull.

The CCG's vision for healthcare in Solihull is for people living in Smith's Wood to have the same opportunity for a happier, healthier life as those from St Alphege, and for a grandmother to be able to move into the later stages of her life without the fear of getting old. The vision is that when anyone needs help it is safe and of the highest quality, designed around their needs and circumstances, and delivered locally wherever possible.

Working together across Solihull is key to helping deliver this vision. The CCG continues to develop and promote integration between its major providers, for example with its Integrated Care Partnership (ICP) with Solihull Metropolitan Borough Council and the Heart of England NHS Foundation Trust, through which it can work to ensure services across health and social care work together for the maximum benefit of patients. This approach will ensure that all services are ready to respond to the needs of Solihull residents where and whenever they need them.

People are now living longer, which means the CCG's services need to be ready to support a growing frail elderly population. Strong relationships and local approaches to integrated working and integrated care have helped the CCG put in place joined-up services that are supporting the frail elderly population across Solihull. For example, geriatricians are now working in the community to deliver services the patient would otherwise have needed to receive in hospital. The work the CCG has carried out on end-of-life care services has meant more people are now able to die in their place of choice.

Achievements in 2012-13 include:

- The CCG successfully led the contract negotiations for Heart of England Foundation Trust (HEFT) on behalf of almost all West Midlands CCGs, NHS England Public Health and Dental Commissioners, and Birmingham, Solihull, and Sandwell local authority Public Health commissioners in the face of significant organisational change across all contract signatories for one of the largest and most diverse acute contracts in the country

- Improved HEFT performance - removal of 52-week waiters

- Growing partnership with HEFT and Solihull Metropolitan Borough Council

- Keeping non-elective admissions to fewer than one per cent

- The Solihull community multi-disciplinary teams caring for more than 600 patients on their virtual wards. This model of care, which enables patients with long-term conditions to be treated out of hospital and in their own home, is viewed by the

Department of Health's long-term condition Quality, Innovation, Productivity and Prevention (QIPP) workstream as an exemplar for the management of patients with long-term conditions, providing health and social care to patients with complex care needs. It has been recognised in the Health Service Journal for its impact on hospital admissions and a reduction in length of stay. Its clinical lead was recognised for outstanding service from the Queens Nursing Institute

- Alcohol pathway – award-winning nationally and an exemplar of good practice (commissioned with Solihull Metropolitan Borough Council)

- Connecting Communities programme - a national exemplar, growing local leaders in the most deprived wards of the boroughs so they can speak for local communities and be leads on engagement projects

- Primary Care delivery of reduced prescribing of antibiotics to reduce the risk of Clostridium difficile

- Urgent care access over Easter weekend to deliver more appointments in the most deprived area of the borough.

The organisation's commitment to working in partnership has also involved the third sector. Together with two local third-sector organisations, as well as Solihull Metropolitan Borough Council and Birmingham and Solihull Mental Health NHS Foundation Trust, the CCG now has an award-winning alcohol treatment service that is supporting people to recover from their addiction.

Throughout the year the CCG has been listening to the views of patients and the public to understand their priorities for healthcare services. It is committed to working with the people of Solihull to design and shape services for the future through sharing ideas from its member practices and putting patients at the centre of everything it does.

The CCG is thankful for the involvement and support of its various partners and patients over the past year. The year ahead will be an important one for Solihull CCG as it builds on the work it has done so far and develops new and innovative ways of supporting patients to live longer, healthier lives.

While it recognises there are challenges ahead, Solihull CCG believes that, by working across organisational boundaries, and by keeping the very best interests of patients at the centre of all it does, it will be able to make significant strides towards achieving its goals.

NHS CENTRAL MIDLANDS COMMISSIONING SUPPORT UNIT

As local commissioners of health services, Clinical Commissioning Groups (CCGs) will carry the responsibility of commissioning safe, high-quality, cost-effective health services for the population across England.

Organisations called Commissioning Support Units (CSUs) have been created to assist CCGs with their responsibilities. CSUs provide access to a range of high-quality business and management support services to help CCGs respond to their population's needs.

Central Midlands Commissioning Support Unit provides expert support to local CCGs. Its vision is that it will enable commissioners to improve the health of the population they serve and transform their patients' experience of health services.
The Central Midlands CSU wants to support commissioners to make the most of their clinical expertise and in-depth understanding of local communities to meet the challenges faced by the NHS in the coming years.

It focuses on support services that demonstrate high quality and value for money, while retaining local flexibility and sensitivity. It is committed to developing a high-performing organisation, underpinned by a sound business model, to provide support across the whole commissioning cycle.

CCGs have been instrumental in the design of the Central Midlands CSU from the very start, and they are clear that the success of the CSU should be measured by how successful they are in achieving their aim to improve the health of their local population. The CSU is clear about the strategic importance of its CCG customers to the long-term viability of the CSU and it will do everything it can to ensure those customers are satisfied with its support to them.

The Central Midlands CSU is an organisation built on experience, and that has shaped its overarching ethos. It is also the thread running through its core values, which are:

- quality matters – improving the experience for the patient

- adding value – by using the experience of its staff
- great place to work – for its staff in developing their skills and expertise.

There is also real focus on its three customer value propositions that ensure an innovative and quality service:

- innovation
- excellent staff
- value for excellence.

NHS ENGLAND BIRMINGHAM, SOLIHULL AND BLACK COUNTRY AREA TEAM

During 2012-13, NHS England established the Birmingham, Solihull and Black Country Area Team to support the work of NHS England, and lead creation of the new commissioning arrangements in conjunction with local partners through Health and Wellbeing Boards.

NHS England is responsible for directly commissioning military healthcare, highly specialised services, prison health services, Primary Care and some Public Health services for Birmingham, Solihull and the Black Country. This equates to £1bn worth of healthcare services.

The Area Team is one of eight in the Midlands and East region. Through teams like this across the country, NHS England will play a significant role in supporting and facilitating Clinical Commissioning Groups (CCGs) to realise their full potential. NHS England will also hold CCGs to account for the delivery of the NHS Constitution and Mandate.

Meeting the NHS Mandate

NHS England is required to pursue objectives set out in the NHS Mandate, and is also expected to safeguard, uphold and promote the NHS Constitution.

The first NHS Mandate was published in November 2012, outlining nationwide ambitions for the health service from April 2013 to March 2015. Through the Mandate, the NHS will be measured by how well it achieves the things that really matter to people. The

Mandate is also intended to provide the NHS with more stability to plan ahead and ensure the health service remains comprehensive and universal.

Following consultation with the public, health professionals and key organisations, the NHS Mandate is structured around five key areas where the Government expects NHS England to make improvements. These are:

- preventing people from dying prematurely
- enhancing quality of life for people with long-term conditions
- helping people to recover from episodes of ill health or following injury
- ensuring that people have a positive experience of care
- treating and caring for people in a safe environment and protecting them from avoidable harm.

The Mandate is intended to play a vital role in setting the strategic direction of NHS England. The Mandate, along with the NHS Constitution, will form the basis of the CCG assurance framework, which NHS England will use to gain assurance for the CCGs in Birmingham and Solihull.

Area Team Core Functions

The Area Team is one of 10 specialised commissioning hubs nationwide. It also shares the same core functions as other Area Teams, with responsibility for:

- CCG development and assurance
- emergency planning, resilience and response
- quality and safety
- partnerships
- configuration
- system oversight.

In addition, all Area Teams will have direct commissioning responsibilities for GP services, dental services, pharmacy and optometry services. The Area Team also commissions Public Health services for children under five, and vaccination and immunisation.

Area Team Staffing

Members of the Area Team for the Black Country, Birmingham and Solihull are mostly based at St Chads Court in Birmingham. Senior members of the Area Team are:

- Area Director - Wendy Saviour
- Nursing and Quality Director - Fay Baillie
- Medical Director – Vacant as at 1 April 2013
- Commissioning Director - Karen Helliwell
- Operations and Delivery Director - Les Williams
- Finance Director - Alison Taylor.

PUBLIC HEALTH – THE MOVE TO LOCAL AUTHORITIES

Preparations for the new Public Health system have been an important element of the Cluster's work throughout 2012-13.

Under the new system local authorities have become responsible for the commissioning of most Public Health services, and take the lead for improving health and wellbeing, co-ordinating efforts to protect the public's health, and ensuring health services promote population health.

This is intended to ensure the Public Health agenda influences other local authority policy areas such as housing, economic development, education and community safety.

There are some services, such as immunisation and vaccination, other screening services, and child health up to age five, that are commissioned by NHS England.

On a national level, Public Health England will deliver services, including health protection, provide information and intelligence and support Public Health workforce development.

Transition Arrangements

Public Health Transition Boards helped shape detailed transition plans in consultation with trade unions and staff representatives, which were signed off by local authority chief executives.

During the year there were further expansion of joint working arrangements between the NHS and local authorities, and details for the transfer of staff and services from PCTs to councils were finalised. This meant relevant teams were already able to work together to shape improvements for the future.

The Cluster has supported its local authorities to develop a vision and structure for their new Public Health function, and encouraged dialogue with a range of partners.

Future Public Health Responsibilities

Local authority Public Health teams, each led by a Director of Public Health, have ring-fenced budgets, enabling them to develop holistic health and wellbeing approaches that embrace the full range of local services, including social care, housing, leisure, transport and employment.

The new legislative duty for local authorities to improve population health will require them to directly commission Public Health services and to work with Clinical Commissioning Groups and NHS England to integrate services.

They will also be expected to provide Public Health advice to NHS commissioners such as Clinical Commissioning Groups (CCGs).

PUBLIC HEALTH – BIRMINGHAM AND SOLIHULL

Transition

On 1 April 2013, Birmingham City Council and Solihull Council became responsible for improving health, reducing health inequalities, and commissioning appropriate Public Health services across Birmingham and Solihull.

During 2012-13 a programme was developed, with the full engagement of stakeholders, to ensure the safe and effective delivery of the service.

Throughout the year, the Directors of Public Health consulted widely with relevant cabinet members on the Public Health functions that were transferring to local authorities. There was also engagement with staff and service providers, and a series of workshops with relevant stakeholders to inform them of the new arrangements.

Achievements in 2012-13

Solihull:

During 2012-13 the Solihull Public Health team led, commissioned or was a partner in a number of initiatives based on partnership working. Achievements included:

- using the Connecting Communities approach to respond to community group requests and commission lifestyle services such as exercise and weight management classes through partnership
- delivering the Solihull winter warmth campaign in a cohesive way, working across health, social care, voluntary organisations and local communities to reduce excess winter deaths
- launching the Read Me Well scheme with the Library and Information Service and Health Visiting Service to help children and their families access information on issues such as bullying, death and divorce by borrowing books recommended by a professional from Solihull and Chelmsley Wood libraries and other venues.

Other initiatives in 2012-13 included the Food Dudes programme in schools and an integrated sexual health pilot.

Birmingham:

Birmingham was an early implementer of the NHS Health Check programme, introduced by the Department of Health in 2009. It is a key mandated service previously commissioned by the three Birmingham PCTs and defined in the Public Health Outcomes Framework. There are 289,766 people eligible for an NHS Health Check across Birmingham and, to date:

- 171,505 individuals have been offered an NHS Health Check (59 per cent)
- 125,179 have received an NHS Health Check (43 per cent).

Birmingham is one of the highest performers of NHS Health Checks in the country.

At the same time, breastfeeding rates at six to eight weeks continue to rise across Birmingham. The latest available data by PCT area is as follows:

PCT area	Rate at 6-8 weeks (Q3 12-13)
Birmingham East & North	45.8%
Heart of Birmingham	62.1%
South Birmingham	51.2%

In terms of drug and alcohol services:

- Compared with other core cities, Birmingham is one of the top performers in terms of the number of class A drug users successfully completing their treatment drug free
- 20 per cent of those completing drug treatment left in some form of employment
- The average level of alcohol consumed for individuals entering treatment is 165 units a week (equivalent to 10 pints of ordinary strength beer a day). The average level at treatment exit is 59 units
- 81 per cent of those exiting drug treatment did so with no reported housing need
- 25,000 interventions during 2012/13 were delivered to harmful and hazardous drinkers
- A problem drinker has no more than 1.9 miles to travel to access alcohol treatment

Future Public Health Priorities

The Leader's Policy Statement to Birmingham City Council on 12 June 2012 set out its key priorities, including:

- to tackle inequality and deprivation
- to promote social cohesion across all communities in Birmingham
- to ensure dignity, in particular for the elderly, and safeguarding for children.

The transfer of Public Health responsibility provides resources for the council to eliminate health inequality between the rich and poor and work through the Birmingham Health and Wellbeing Board to achieve this, making Birmingham an exemplar of health and wellbeing.

Solihull's Health and Wellbeing Strategy and action plan, based on the Solihull Joint Strategic Needs Assessment 2012, focuses on partnership to:

- give each child the best start in life
- enable all children, young people and adults to maximise their capabilities and have control over their lives
- create fair employment and good work for all
- ensure a healthy standard of living for all
- create and develop healthy and sustainable places and communities
- strengthen the role and impact of ill health prevention
- ensure people receive the care and support they need across their life.

As Solihull Council takes on its Public Health commissioning responsibilities, there will be further opportunities to address the wider determinants of health, such as housing and planning, and to implement a Making Every Contact Count strategy across all relevant frontline provided and commissioned services.

Specific initiatives such as breastfeeding support, promoting the free voucher scheme to encourage healthy eating among families on a low income, and distributing free room thermometers to new parents will see Public Health continuing to work closely with Solihull maternity and health visiting services, children's centres, community pharmacies and others.

Tackling Teenage Pregnancy in Birmingham

An ongoing priority is preventing under-18 conceptions, particularly among vulnerable young people. Despite a continuing decrease in the under-18 conception rate since 1998, it remains consistently higher in Birmingham than the national average and varies considerably between Birmingham wards, largely reflecting the pattern of deprivation, poor educational attainment and disengagement at schools. In 2011, rates within Birmingham wards ranged from 7.72 per 1,000 (fewer than five conceptions) in Edgbaston to 88 per 1,000 (44 conceptions) in Shard End.

During 2012-13 Birmingham Public Health commissioned a range of services to support young people to make informed choices about their sexual health and wellbeing. The Teenage Pregnancy Learning Mentors (TPLM) service provides individual support in schools to young people who may be at risk of teenage pregnancy. In addition it helps support schools to develop and deliver comprehensive programmes of sex and relationship education**.**

Linked to the TPLM service are Young People's Health Advisors, who support teenagers to explore the consequences of risk-taking behaviour in relation to sexual health and alcohol. They provide programmes in a range of settings, including schools, further education colleges and the Birmingham Youth Service.

Improving Young People's Sexual and Mental Health in Solihull

The Solihull Just 4 You contraception and sexual health service has worked with Solihull Council and local transport services and used smartphone technologies and social marketing techniques in campaigns to improve sexual health among young people under 25 and reduce teenage pregnancy.

With council permission, 'Are You Ready? Every Time?' messages promoting the Just 4 You smartphone app and website were stencilled onto pavements across Solihull, including near the train station and town centre bus stops.

The 'Checking Someone, Check This…' campaign allowed young people to access a contraception/sexual health clinic virtual tour by using their smartphone to scan a 'quick response' code located on buses, bus shelters and posters. The virtual tour aimed to take the mystery out of visiting a clinic and encourage young people to use the service. The campaign period saw 3,000 virtual tours taken, and the number of young people accessing Just 4 You clinics in Solihull has continued to increase.

In May 2012 a mobile phone app was released as part of the 'WATS (We are the same) Mental Health?' project carried out by a group of young people in Solihull to raise awareness and reduce the stigma of mental health. The app, developed by one of the group and freely available through the Apple Apps Store, has since been downloaded more than 9,000 times. The project group

also produced a resource pack, which was sent to youth centres and services, schools, colleges and pupil referral units, and GPs and mental health services.

Public Health Funding

Solihull Council and Birmingham City Council will receive grants to enable them to fulfil their Public Health responsibilities.

In January 2013 the Department of Health announced the Public Health Grant allocations for 2013-14 and 2014-15. The amounts provided to Birmingham for the provision of Public Health services will be £78.636m in 2013-14 and £80.838m in 2014-15.

The allocation for 2013-14 is 8.4 per cent higher than the figure reported in November 2012 and will ensure that Birmingham City Council can meet its statutory Public Health duties after 1 April.

Solihull has been allocated £9.635m for 2013-14 and £9.905m for 2014-15.

PERFORMANCE HEADLINES

Key National Performance Standards

Below is a summary of the PCT Cluster and individual PCTs' performance against key national performance standards during 2012-13:

Referral to treatment within 18 weeks

All Trusts and PCTs within the Birmingham and Solihull PCT Cluster met all three referral-to-treatment targets for patients to be treated within 18 weeks, whether waiting for admission or to be seen in outpatient clinics. (It may be, however, that Trusts did not fully meet the targets for all specialities).

Cancer targets

All Trusts within the PCT Cluster achieved all nine cancer targets for each of the four quarters of 2012-13.

Healthcare-Associated Infections – MRSA and Clostridium Difficile
With the exception of one Trust, which marginally exceeded its target level for MRSA Bacteraemia by one case, all other provider organisations within the PCT Cluster fell below their target. All provider organisations fully met their target for reducing Clostridium difficile during 2012-13.

Birmingham East and North PCT

- During 2012-13 in Birmingham East and North PCT the percentage of admitted patients seen within 18 weeks of referral was 88.79 per cent, which was below the 90 per cent target. For non-admitted patients, the figure was 97.27 per cent – above the 95 per cent target.

- For Healthcare-Associated Infections, the PCT was achieved better than its target of 138 for the number of Clostridium difficile cases, with 114 infections reported. For MRSA Bacteraemia, the PCT hit the top of its threshold of 10 for 2012-13.

- For patients seen within two weeks of an urgent referral for suspected cancer, the PCT achieved 94.2 per cent - above its target threshold of 93 per cent.

Heart of Birmingham PCT

- At Heart of Birmingham PCT the percentage of admitted patients seen within 18 weeks of referral was 91.41 per cent, which was above the 90 per cent target, and for non-admitted patients the figure was 98.36 per cent, again above the 95 per cent threshold.

- For Health Care-Acquired Infections, the PCT achieved better than its threshold of 59 for Clostridium difficile, with 44 infections reported. For MRSA Bacteraemia the figure was above its target of three, with four infections.

- For patients seen within two weeks of an urgent referral for suspected cancer, the PCT achieved better than its 93 per cent target at 93.9 per cent.

Solihull PCT

- For Solihull PCT the percentage of admitted patients seen within 18 weeks of referral was 86.47 per cent, which was below the 90 per cent target. For non-admitted patients the figure was 95.95 per cent – above the 95 per cent threshold.

- In the area of Healthcare-Associated Infections, the PCT was slightly above its threshold of 75 for Clostridium difficile, with 79 infections reported. For MRSA Bacteraemia, the PCT was below its target of five with two infections reported.

- For patients seen within two weeks of an urgent referral for suspected cancer, the PCT achieved its 93 per cent target with an actual figure of 93.4 per cent.

South Birmingham PCT

- For South Birmingham PCT, the percentage of admitted patients seen within 18 weeks of referral was 92.49 per cent – higher than the 90 per cent target. For non-admitted patients the figure was 97.85 per cent, with a target of 95 per cent.

- For Healthcare-Associated Infections, the PCT saw 100 Clostridium difficile infections reported against a target of 127. For MRSA Bacteraemia, the PCT hit the top of its threshold of seven for 2012-13.

- For patients seen within two weeks of an urgent referral for suspected cancer, the PCT achieved its threshold of 93 per cent with an actual figure of 95.9 per cent.

Primary Care

Primary Care is the term for health services that act as a first point of consultation for NHS patients. Most people's contact with the NHS is through their GP, and around 99 per cent of the population is registered with a family doctor. Alongside other primary and community clinicians GP practices play a crucial role in co-ordinating NHS care and helping patients access the services they need.

During the year the individual Primary Care teams supporting the commissioning and monitoring of a range of Primary Care services from GP practices, dentists, pharmacists and optometrists, worked closely together to ensure that services provided were accessible and responsive to the needs of local patients.

Key highlights of the year across the Birmingham and Solihull Cluster included:

Dental Services

Strategy
The Birmingham and Solihull Oral Health Needs Assessment and Strategy was published in April 2012. One of its key priorities was the need to develop a more preventative and integrated approach to dental healthcare.

End-of-Year Review Visits and Clinical Governance Audit
The Dental team implemented a local performance management toolkit that was adopted from the national toolkit being developed. In addition, a self–assessment clinical governance toolkit was devised in conjunction with Dental Public Health. This was consistent with the requirements of the Care Quality Commission domains, hence ensuring the delivery of a quality Primary Care dental service.

Oral Health Improvement Programmes
Oral health training and support for early years settings was commissioned from the Food Net team (Birmingham Community Healthcare Nutrition and Dietetics Service). During the past year, 118 settings accessed the level one oral health training and 49 accessed level two. The Food Net team has also provided continuing support for a number of settings that had received training the year before and helped them to establish effective tooth brushing regimes.

For the second year running, an extended duties course for dental nurses was offered locally in conjunction with the University of Central Lancashire. This course provided dental nurses with training to allow them to apply fluoride varnish and deliver evidence-based oral health advice.

Dental Network

A Local Dental Professional Network was set up in Birmingham and Solihull alongside the establishment of a series of Managed Clinical Networks (MCNs) for dentistry. These networks have helped bring together clinicians from primary and secondary care, as well as commissioners and Public Health staff to oversee the delivery of high-quality dental services.

Pharmacy

The total number of pharmacy contracts managed was 341. Achievements for the year included the following:

Community Pharmacy Assurance Framework
The Birmingham and Solihull Cluster was part of the national steering group, which was set up to inform the NHS Commissioning Board (now NHS England) on how, in the future, pharmacies should be performance managed. A number of pharmacists in the area took part in a pilot to test an online self assessment. The recommendations were accepted by NHS England and the results will be used to inform the future assurance framework.

LPN
A Local Pharmacy Network was launched and four workstreams agreed, including discharge pathways and medicines optimisation.

Optometry
The Optometry team managed 321 contracts during 2012-13. Approximately 340,000 sight tests were undertaken and 190,000 spectacle vouchers were issued.

Optometry achievements for the year included:

- Harmonisation of processes and procedures relating to contracts across the PCTs
- Completion of the three-year programme of contract monitoring, with all Birmingham/Solihull practices receiving a visit to ensure compliance with standards
- Completion of a co-ordinated post-payment verification visit programme, which resulted in the recovery of funds for the NHS
- Introduction of an intra-ocular pressures repeat measures scheme across the cluster
- Launch of a Local Eye Care Professional Network, with workstreams associated with several eye care conditions begun and the start of the development of a comprehensive eye care Needs Assessment

- First PCT cluster to negotiate inclusion of eye care standards within local care home contracts – nationally recognised as best practice.

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GP Services

The Primary Care team oversaw the harmonisation of processes and procedures relating to the contract management of general practices across the four PCTs, ensuring the delivery of high-quality primary medical care services for the populations they served.

One significant development was the expansion of patient participation groups. More than 130 GP practices across Birmingham and Solihull now have active patient participation groups. These practices are actively seeking the views of their patients in order to make changes and to improve the overall patient experience.

In October 2012 a new GP practice was opened in Saltley, Birmingham. The Hamd Medical Practice opened in the Washwood Heath Health Centre, providing the full range of NHS services for the residents of Saltley and Washwood Heath.

STAFF ENGAGEMENT

During this period of considerable organisational change, communicating and engaging with staff has continued to be a high priority for the Cluster leadership team. Over the year, joint communications channels between the Black Country and Birmingham and Solihull Clusters have been introduced to ensure staff have received consistent messages about the changes taking place.

Communications have included:

- **Staff consultation events** to outline proposals for the way the new organisations would operate, and gather feedback on these from staff

- **Weekly electronic newsletter** distributed to all staff to provide timely updates on all aspects of the transformation

- **Online resource portal** to act as a central point for accessing documents relevant to the transformation, and advertising posts as they became available during the development of each of the new organisations

- **Online question and answer tool** through which members of staff have been able to post questions on the transition – anonymously if wished – and be given answers by senior managers.

Staff have also had access to support from Staffside leads and representatives.

EMPLOYEES WITH A DISABILITY

Employing people with a disability is important for any organisation providing services for the public as they need to reflect the many and varied experiences of the public they serve. In the provision of health services it is perhaps even more important, as people with disabilities make up a significant proportion of the population, and those with long-term medical conditions use the services of the NHS. The Cluster's commitment to people with disabilities includes:

- People with disabilities who meet the minimum criteria for a job vacancy are guaranteed an interview
- The adjustments that people with disabilities might require in order to take up a job or continue working in a job are proactively considered
- The Cluster's mandatory equality and diversity training includes awareness of a range of issues impacting on people with disabilities
- The organisation ensures any employee who needs training, either because they work with people with disabilities, or because they have acquired an impairment or medical condition, receives the necessary training.

EQUAL OPPORTUNITIES

The Cluster ensured it was compliant with the Public Sector Equality Duty set out in the Equality Act 2010. This means the Cluster had to:

- Eliminate unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not.

Protected characteristics include age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender, sexual orientation, and marriage and civil partnership.

PUBLIC AND PATIENT INVOLVEMENT

The Birmingham and Solihull Cluster has been working to tackle issues and make improvements at a wider level across Birmingham and Solihull. During 2012-13 the Cluster continued to strengthen its working relationships with the respective local authorities – Birmingham City Council and Solihull Metropolitan Borough Council – to ensure a joined-up approach to engagement.

There is now greater collaborative working with the local Clinical Commissioning Groups, the councils' Health Overview and Scrutiny Committees and local Healthwatch, as well as local patient and public involvement groups, to address health issues.

In April 2012, the Birmingham and Solihull Cluster delegated responsibility for patient and public involvement and engagement to local CCGs. To support the transition, the Cluster organised Continuing the Conversation, an ongoing local dialogue through organised engagement sessions across the city.

These events covered subjects such as the activities of Patient Participation Groups across the Cluster, issue-based engagement and consultation, engaging hard-to-reach groups within a diverse local population as commissioning moves to CCGs, and innovation in engagement, for example, by using social media.

Planning for the Future

During the transition, engagement continued in Birmingham and Solihull to create awareness and understanding about the formation of the Cluster and the development of a Cluster System Plan, which sets out the direction and key priorities for health and healthcare over the next five years.

The plan marks a significant commitment of the NHS and wider health and social care system to work together to innovate and personalise care for patients. The Cluster has been committed to managing the rising pressures associated with an ageing population, advancing healthcare and sustaining good access to care for all.

Methods of Engagement

The Cluster has been actively engaging with the local population through a variety of ways and at different levels, including patient and public events, workshops and meetings, as well as through new technology such as online surveys.

Relationships built with local residents have ensured that there are opportunities to challenge decisions made by the NHS to ensure that health services are designed to better meet the needs of local people. These groups have supported the local NHS in continuing to raise standards and improve services.

A persistent theme fed back to the NHS organisations in Birmingham and Solihull is that people want to know that their comments, views and opinions have been heard, and what difference they have made. This has required the Cluster to plan not only for initial consultation events, but also to anticipate how the responses received will influence outcomes and how to let people know about these. This emphasises the nature of engagement as a relationship through which trust and confidence can be developed.

During the year the Cluster has continued to strengthen local dialogue about the challenges facing the NHS and has ensured there has been opportunity to shape plans around priority setting through patient sessions, workshops and updates. Input and commitment from emerging Clinical Commissioning Groups ensures that going forward, patient and public involvement is embedded every step of the way.

PATIENT EXPERIENCE – PALS AND COMPLAINTS

As part of the transition from Primary Care Trusts to Clinical Commissioning Groups, the Birmingham and Solihull NHS Cluster worked towards developing a combined patient experience function. This has evolved to become a bespoke service provided by the NHS Central Midlands Commissioning Support Unit with effect from 1 April 2013.

For the majority of the year the service worked alongside the newly emerging Clinical Commissioning Groups while also representing Heart of Birmingham PCT, Birmingham East and North PCT, South Birmingham PCT, and Solihull PCT.

The patient experience service combines PALS (Patient Advice and Liaison Service) and complaints.

Complaints

The Birmingham and Solihull NHS Cluster complaints procedures reflect the Parliamentary Health Service Ombudsman's six principles for remedy:

• Getting it right
• Being customer focused
• Being open and accountable
• Acting fairly and proportionately
• Putting things right
• Seeking continuous improvement.

During the period 1 April 2012 to 31 March 2013 197 complaints were received by Birmingham and Solihull NHS Cluster, which is a decrease in the number received in 2011-2012.

Emerging common themes from these complaints include attitude and manner of staff, clinical treatment and administration issues.

It is important to learn from complaints, and the following outcomes and improvements have been noted:

- Introduction of new procedures where highlighted
- Amendments to information leaflets for the general public
- Staff receiving further training to improve their skills
- Staff given the opportunity to reflect on their clinical practice, and improve

- Patient and public involvement in service redesign.

Patient Advice and Liaison Service (PALS)

PALS can act as a catalyst for change and improvement. Through comprehensive data collection, PALS monitors concerns and trends and highlights information needs, gaps in services, or problems with systems or processes.

PALS plays an important role in the early resolution of complaints, and provides the means of valuable feedback on the performance and quality of services. PALS aims to take action on concerns and learning from issues raised by members of the public.

From April 2012 to March 2013 PALS dealt with more than 2,000 comments, compliments and concerns. These issues are used to support improvements. Queries can range from information requests, support for patients with issues about their GP, or information and support for patients on changes to local services.

PATIENT SAFETY

Between 1 April 2012 and 17 March 2013 a total of 1,189 Serious Incidents Requiring Investigation (SIRI) were reported by providers commissioned by the Cluster.

A Serious Incident Requiring Investigation is an incident that occurred in relation to NHS-funded services and care resulting in one of the following:

- unexpected or avoidable death of one or more patients, staff, visitors or members of the public
- serious harm to one or more patients, staff, visitors or members of the public, or where the outcome requires lifesaving intervention, major surgical or medical intervention, causes permanent harm or will shorten life expectancy or result in prolonged pain or psychological harm (this includes incidents graded under the National Patient Safety Agency (NPSA) definition of severe harm)

- a scenario that prevents or threatens to prevent a provider organisation's ability to continue to deliver healthcare services, for example actual or potential loss of personal or organisational information, damage to property, reputation or the environment, or IT failure
- allegations of abuse
- adverse media coverage or public concern about the organisation or the wider NHS.

A Serious Incident Requiring Investigation may also be one of the core set of 'Never Events'.

Never Events

Never Events are serious, largely preventable, patient-safety incidents that should not occur if the available preventative measures have been implemented by healthcare providers. Never Events are patient-safety incidents that are preventable because:

- there is guidance that explains what the care or treatment should be
- there is guidance to explain how risks and harm can be prevented
- there has been adequate notice and support to put systems in place to prevent them from happening.

Details of the categories of Never Events are reviewed and published annually on the Department of Health website.

During 2012-2013 there were no Never Events reported for BSOL Cluster PCTs.

For providers commissioned by BSOL Cluster during 2012-2013, the following information regarding Never Events was reported:

- Two dentistry (wrong tooth extractions) Never Events for Birmingham Community Healthcare Trust
- One wrong-site surgery, one post-operative retained foreign object, and one methotrexate maladministration for Heart of England Foundation Trust.

DATA SECURITY

Birmingham and Solihull NHS Cluster has had five serious incidents relating to data loss or confidentiality breach during the year 2012-13. These included audit, e-mail and fax breaches.

Confidential information from within an internal audit report was leaked to the media.

The Cluster was also affected by an incident where excessive scanned information was sent as attachments to an internal e-mail in error.

A further two incidents involved excessive information being sent to a number of recipients by e-mail, and personal information being sent in error to an incorrect fax number.

Full investigation and root cause analysis were undertaken for all incidents and actions were taken to address the issues identified, including additional training where required. Staff are fully aware of their responsibilities for the security and confidentiality of information and are required to undertake annual information governance mandatory training.

CELEBRATING DIVERSITY AND VALUING DIFFERENCE

Ensuring respect for equality and diversity has continued to underpin everything the Cluster has done while going through the organisational changes of 2012-13.

Significant work has taken place to ensure that the transition to Clinical Commissioning Groups (CCGs) has not just gone smoothly but taken into account the diversity of the communities the new arrangements will serve. The Cluster has aimed to ensure that no groups are disadvantaged by the change and that services are accessible to all patients and service users.

An important part of the Cluster's role during 2012-13 has been to support its CCGs to embed equality in their organisations.

The Cluster has also worked hard to treat staff fairly and ensure they have an equal opportunity to move into new roles within the changed system.

Meeting the Cluster's Statutory Duty under the Equality Act 2010

A comprehensive report was published in January 2012 as part of the statutory specific duty to publish equality information. This highlighted some specific concerns that the Cluster has been working on to address. Specific and measurable equality objectives were set, aligned to the national NHS Equality Delivery System (EDS), and regular reports on progress were submitted to the Cluster's Quality and Safety Committee.

The organisational change did have an impact on delivery of some of the equality objectives, as an organisation in transition. Therefore, key messages for emerging organisations were reflected in the 2013 submission of equality information under the Equality Act 2010.

Commissioning for Equality Event
The event was designed to help CCGs prepare for authorisation and to explore the equalities agenda.

The event provided delegates with:

- an opportunity to work on the key components of an equality strategy
- an understanding of the breadth of the equalities agenda and its link into provision of quality services
- information on the requirement of meeting the statutory equality duties
- guidance on using the NHS Equality Delivery System to embed equality in quality outcomes.

Completion of Key Areas of Work
During 2012-13 the Cluster completed some specific areas of equality work.

1. It agreed equality key performance indicators (KPIs) and information requirements with some of the acute providers, monitoring for compliance and escalating concerns where necessary.
2. Equality and diversity training was provided to key members of staff, including Cluster-level board briefings on roles and responsibilities.
3. Equality impact analysis training, help, support and advice was provided, especially around the organisational changes.
4. As part of the national Pacesetters Programme, the Cluster worked with women with a view to increasing participation in cardiac rehabilitation, working with partner organisations and stakeholders with the shared aim of tackling health inequalities.
5. The Domestic Violence Project (sponsored by the Department of Health) was piloted at GP surgeries in the south of Birmingham and a referral pathway was established.

Key Messages for CCGs
The Cluster has developed some key messages, intended primarily to assist CCGs in considering their equality strategies and objectives as they inherit the new local commissioning arrangements. The messages are derived from the array of information collected by each Primary Care Trust.

Some CCGs will already have identified some of these messages and be working through them. This is offered as a checklist of the main issues identified from the available evidence.

1. Develop your leadership.
2. Resolve the gaps in equality data and consistency of information.
3. Develop Primary Care understanding.
4. Use contractual levers with providers.
5. Be involved in partnership work on social determinants or 'the causes of the causes' of health inequalities.
6. Use the NHS Equality Delivery System to guide your equality strategy.

Equality Monitoring
The Birmingham and Solihull Cluster has produced detailed equality monitoring information for 2012-13.

EMERGENCY PLANNING, PREPAREDNESS AND RESPONSE

As 'lead cluster', during 2012-13 Birmingham and Solihull Cluster has had responsibility for health emergency preparedness for the West Midlands conurbation, covering Birmingham, Solihull and the Black Country.

The Cluster initially assumed this responsibility in July 2011, when the Department of Health published its Shared Operating Model for PCT Clusters to support, guide and manage the transition through to the formation of NHS England.

Emergency preparedness is an integral part of this transition, and has since been renamed emergency preparedness, resilience and response (EPRR).

The health emergency preparedness team, originally established in 2008, has supported the implementation of the new EPRR arrangements across the conurbation, as well as maintaining existing robust and resilient arrangements throughout the transition.

The team's operations were located at Triplex House, from which it maintained and managed the West Midlands Conurbation Health Operations Centre. Following transition the team moved to the newly formed Area Team to support NHS England across Birmingham, Solihull and the Black Country.

During 2012-13 the team has led local planning activity for health-related workstreams in relation to several large pre-planned events that have taken place within the conurbation boundaries, including the Conservative Party Conference in October 2012.

On behalf of the health service, the team led a co-ordinated response across the conurbation to support the Olympic Torch Relay route through the West Midlands, as well as the Olympic training camps for the Jamaican team and US track and field team.

In the past year the team has also gone to a state of heightened readiness on numerous occasions to support the West Midlands emergency services, which have responded to incidents across the conurbation that might have had a health impact. Fortunately, that was not the case.

As the transition on 1 April 2013 drew closer, the team was involved in the assurance process to test arrangements for the implementation of the new EPRR Framework due to come into effect from that date.

In particular, in January 2013, the team planned, prepared for and successfully delivered Ex Sentinel, a mass casualty exercise, testing the new NHS command, control and co-ordination arrangements alongside other multi-agency partners.

During 2012-13, in addition to preparedness and response activities, the team continued to provide both individual and group bespoke training packages for people who formed part of the 'on-call' arrangements in readiness to respond to any major incidents.

SUSTAINABILITY

Birmingham and Solihull Cluster achieved a combined energy performance for 2012-13 of 32.26 GJ/100$m^{3,}$ with CO_2 emissions of 6,427 tonnes a year (energy consumption only). This gave the Cluster an A+ energy efficiency performance category rating when measured against mandatory energy targets set by the Department of Health for new and existing NHS healthcare facilities.

When compared with base year (2007-2008) this resulted in an energy saving and the following reductions in CO_2 emissions:

- Total saving in consumption - 2.42 per cent
- Total saving in CO_2 - 4.67 per cent.

This was despite 2012-13 being on average 21.75 per cent colder than base year, clinical targets resulting in increased opening hours for clinics and health centres, and a 15.25 per cent net increase in the size of the estates with all five new Local Improvement Finance Trust (LIFT) partnership sites becoming fully operational in year - all of which achieved the BREEAM healthcare 'excellent' standard for sustainable buildings, thereby ensuring very good levels of energy performance and generally improving the patient experience.

In Solihull, Balsall Common Health Centre was opened in May 2012 and also achieved BREEAM 'excellent' status, with sustainable initiatives such as a green travel plan, sustainable landscaping including bat and bee boxes, and rain water harvesting.

Green electricity is purchased for the majority of sites, with 25 per cent being purchased for 'half-hourly' sites (with meters registering the amount of electricity used for every half hour of every day) and 100 per cent at smaller, non half-hourly sites, with half-hourly sites accounting for 51.1 per cent of the total heated volume. Photo voltage installations at James Preston Health Centre and Greet Health Centre generated 10.43 per cent and 3.01 per cent respectively.

Combined investment in energy-saving schemes and sustainability projects across Birmingham and Solihull Cluster was approximately £200,000 during 2012-13. This included energy control upgrades, the replacement of inefficient and old boiler plant and controls, replacement windows, lighting schemes and the replacement of unreliable heating control equipment.

PENSIONS AND REMUNERATION REPORT

Remuneration Report

This Remuneration and Terms of Service committee has been established by the Birmingham, Solihull and Black Country PCT Clusters to approve the remuneration and terms of service for the Executive Directors, other staff on very senior manager (VSM) pay terms and conditions and lay appointments to CCG Boards. The Committee also has a remit to oversee the workforce resilience for the Cluster during the transition period from PCTs to CCGs, NHS Commissioning Board and other receiver organisations.

This committee is established as a sub-committee of the two Clusters.

Membership consists of six non-executive directors (three from each cluster), and the chairs from both clusters;

Birmingham & Solihull Cluster	**Black Country**
Chair - Jenni Ord	Chair - Gill Cooper
Non-Executive Director - Sharon Annakie	Non-Executive Director - David Gutteridge
Non-Executive Director - Christine Parkinson	Non-Executive Director - Richard Nugent
Non-Executive Director - Mike Smith	Non-Executive Director - Jim Oatridge

It is the duty of the committee to:

- advise the Board about appropriate remuneration and terms of service for Chief Executive, and employees paid through the Very Senior Manager Framework including; all aspects of salary(including any performance-related elements/bonuses), provisions for other benefits, including pensions and cars, and arrangements for termination of employment and other contractual terms

- Ensure that the Clusters have resilience in the transition period over all areas of responsibility and ensure co-ordination of redundancies within residual PCTs

- Ensure that there are appropriate legacy issues in place following the closure of the PCTs and the Clusters on 31 March 2013. This is in particular respect of the remuneration report required for the annual reports for 2012-13.

Salary entitlements of Senior Managers

The Chair, Non-Executive Directors and Professional Executive Committee members are remunerated in accordance with rates set nationally. Executive Directors have their remuneration set by the Remuneration Committee, which is also responsible for approving any other remuneration payable to Board members.

					2012/13				Note 1				2011/12				Note 1			
Name	Title	Additional Notes	Start date in this senior managers role	Finish date in this senior managers role	Total Salary Cost (Bands of £5000)	Bonus payments (bands of £5000)	Other Remuneration - Total Cost (Bands of £5000)	Benefits in kind (bands of £100)	Salary Paid by Birmingham East & North PCT	Salary Paid by Heart of Birmingham PCT	Salary Paid by Solihull PCT	Salary Paid by Birmingham South PCT	Total Salary (bands of £5000)	Bonus payments (bands of £5000)	Other remuneration (bands of £5000)	Benefits in kind (bands of £100)	Salary Paid by Birmingham East & North PCT	Salary Paid by Heart of Birmingham PCT	Salary Paid by Solihull PCT	Salary Paid by Birmingham South PCT
			If less than 12 Months		£000's	£000's	£000's	£00's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£00's	£000's	£000's	£000's	£000's
Clusterwide Appointments																				
Jenni Ord	Chairman				40-45	-			10-15	10-15	10-15	10-15	35-40				0-5	0-5	25-30	0-5
Sharon Annakie	Non-Executive Director			31-Dec-12	5-10	-			0-5	0-5	0-5	0-5	5-10				0-5	5-10	0-5	0-5
Rod Anthony	Non-Executive Director				5-10	-			0-5	0-5	0-5	0-5	10-15				0-5	0-5	5-10	0-5
Barry Henley	Non-Executive Director				5-10	-			0-5	0-5	0-5	0-5	5-10				0-5	5-10	0-5	0-5
Brendan O'Brien	Non-Executive Director				5-10	-			0-5	0-5	0-5	0-5	5-10				5-10	0-5	0-5	0-5
Christine Parkinson	Non-Executive Director				5-10	-			0-5	0-5	0-5	0-5	5-10				0-5	0-5	0-5	5-10
Michael Smith	Non-Executive Director				5-10	-			0-5	0-5	0-5	0-5	5-10				5-10	0-5	0-5	0-5
John Taylor	Non-Executive Director				10-15	-			0-5	0-5	0-5	0-5	10-15				0-5	0-5	0-5	5-10
Denise McLellan	Chief Executive			30-Sep-12	70-75	-			15-20	15-20	15-20	15-20	145-150				n/a	n/a	n/a	n/a
Wendy Saviour	Chief Executive		01-Oct-12		**Note 2**															
Rachel Hardy	Director of Finance			31-Oct-12	65-70	-			15-20	15-20	15-20	15-20	115-120				25-30	25-30	25-30	40-45
Alison Taylor	Director of Finance		01-Nov-12		**Note 2**															
Nicola Benge	Director of Public Health			30-Sep-12	55-60	-			15-20	15-20	-	15-20	105-110				80-85	20-25	-	-
Adrian Phillips	Director of Public Health - Birmingham City Council (BEN, HoB, and South)		01-Oct-12		**Note 3**															

Diane Reeves	Medical Director			30-Sep-12	55-60	-			10-15	10-15	10-15	10-15	115-120				25-30	25-30	25-30	40-45
Stephen Cartwright	Medical Director & PEC Chair		01-Oct-12		**Note 4**															
Peter Spilsbury	Director of Commissioning Development			30-Sep-12	60-65	-			15-20	15-20	15-20	15-20	75-80				15-20	15-20	15-20	15-20
Karen Helliwell	Director of Commissioning		01-Oct-12		**Note 4**															
Denise Price	Director of Quality and Nursing			30-Sep-12	50-55	-			10-15	10-15	10-15	10-15	100-105				20-25	20-25	20-25	35-40
Fay Baillie	Director of Nursing		01-Oct-12		**Note 4**															
Les Williams	Director of Operations and Delivery		01-Oct-12		**Note 4**															
Jim Birrell *	Director of Delivery	Note 5	01-Jun-11	31-Mar-12											75-80		n/a	n/a	n/a	n/a
In post prior year only - Birmingham East & North PCT																				
Mr Paul Sabapathy *	Chairman			30-Nov-11									25-30				25-30			
Mrs Janet Down *	Vice Chairman			30-Nov-11									5-10				5-10			
Ms Qulsom Fazil *	Non-Executive Director			30-Nov-11									5-10				5-10			
Mr Mark Ford *	Non-Executive Director			30-Nov-11									10-15				10-15			
Mr R Miner *	Non-Executive Director			30-Sep-10									0				0			
Mrs Sue Nixon *	Non-Executive Director			30-Nov-11									5-10				5-10			
Dr Peter Thebridge *	PEC Chairman			31-Mar-11									0				0			
Dr Mehboob Bhatti *	PEC member			30-Jun-11									5-10				5-10			
Andrew Donald *	Chief Executive		01-Nov-10	31-Mar-11									10-15				10-15			
Andrew Donald *	Chief Operating Officer			31-Oct-10									n/a				n/a			
Andrew Donald *	Chief Operating Officer		01-Apr-11	30-Apr-11									n/a				n/a			
Val Jones *	Nurse Representative			30-Jun-11									20-25				20-25			
Jonathan Tringham *	Director of Resources			26-Apr-11									5-10				5-10			

Dr Doug Wulff *	Medical Director			30-Jun-11		20-25				20-25				
In post prior year only - Heart of Birmingham PCT														
Ranjit Sondhi *	Chairman			30-Nov-11		25-30					25-30			
David Winkley *	Non-Executive Director			30-Nov-11		5-10					5-10			
Tom Caulcott *	Non-Executive Director			30-Nov-11		5-10					5-10			
Faraz Yousufzai *	Non-Executive Director			30-Nov-11		5-10					5-10			
Denise Plumpton *	Non-Executive Director			30-Nov-11		5-10					5-10			
Bob Dredge *	Non-Executive Director			30-Nov-11		5-10					5-10			
Christine Barve *	Director of Finance (Interim)			30-Jun-11		-		40-45			-			
Peter Magee *	Interim Director of Primary Care, Quality Assurance & Patient Safety			30-Jun-11		15-20					15-20			
Martin Samuels *	Director of Strategy, Service Transformation & Planning			20-Apr-11		5-10					5-10			
Dr Jacky Chambers *	Director of Public Health			30-Nov-11		60-65	35-40				60-65			
Salma Ali *	Director of Provider Services			20-Apr-11		5-10					5-10			
Dr Vijay Bathla *	PEC Chair (office holder)			30-Jun-11		10-15					10-15			
Lynda Scott *	Director of Communications & Public Affairs (Non voting)			30-Jun-11		15-20					15-20			
Dr Will Murdoch *	Director of Workforce Development, Education & Innovation (non-voting)			30-Jun-11		15-20					15-20			
In post prior year only - Solihull PCT														
Stephen Beck *	Non-Executive Director			30-Nov-11		5-10						5-10		

Stephen Coathup *	Non-Executive Director			30-Nov-11		5-10						5-10	
Charles Frost *	Non-Executive Director			30-Jun-11		0-5						0-5	
Cllr Kenneth Meeson *	Non-Executive Director			25-Apr-11		0						0	
S Rose *	Non-Executive Director			30-Nov-11		0						0	
Cllr Robert Sleigh *	Non-Executive Director			25-Apr-11		0						0	
Dr Anand Chitnis *	PEC Chairman			30-Jun-11		10-15						10-15	
Patrick Brook *	Medical Director			27-Apr-11		30-35						30-35	
Dr Stephen Munday *	Director of Public Health	Note 6				105-110	25-30					105-110	
Phil Church *	Interim Director of Delivery			30-Jun-11				80-85					
Ian Woodall *	Interim Director of Resources		01-May-10	30-Jun-11		20-25						20-25	
Neil Serougi *	Director of ICT (non voting)			30-Jun-11		20-25						20-25	
Joanne Dyer *	Associate Director of HR (non voting)			30-Jun-11		20-25						20-25	
In post prior year only - Birmingham South PCT													
David Cox *	Chairman			30-Nov-11		20-25							20-25
Sandra Cooper *	Vice Chairman			30-Nov-11		5-10							5-10
Neil Laidler *	Non-Executive Director			30-Nov-11		5-10							5-10
Barbara Webster *	Non-Executive Director			30-Nov-11		5-10							5-10
Harris Beider *	Non-Executive Director			30-Nov-11		5-10							5-10
Dr Sukhdev Singh *	PEC chairman			30-Jun-11		5-10							5-10
Moira Dumma *	Chief Executive			30-Sep-10		0							0
Dr Chris Spencer Jones *	Director of Public Health	Note 7				120-125	35-40						120-120
Philip Johns *	Acting Director of Finance		01-Oct-10	31-Mar-11		n/a							n/a
Rita Symons *	Director of Strategy &			26-Apr-11		20-25							20-25

	Commissioning												
Martin Harris *	Director of Performance			30-Jun-11		15-20							15-20

*** Indicates prior year comparators only**

Note 1 Cluster costs have been apportioned on an equal share basis between PCTs

Note 2 W Saviour and A Taylor were also respectively Chief Executive and Director of Finance for the Black Country Cluster.

W Saviour's annual salary was in the range £135k-£140k and was paid by Nottingham County PCT, which did not recharge the cost to either Cluster.

A Taylor's annual salary was in the range £110k-£115k and was paid by Norfolk PCT and Great Yarmouth & Waveney PCT, which did not recharge the cost to either Cluster.

Note 3 Adrian Phillips' salary was paid by his respective employing body, Birmingham City Council.

Note 4 S Cartwright's annual salary was in the range £55k-£60k, and received annual 'Other Remuneration' in the range £45k-£50k. He was paid by Dudley PCT which did not recharge the cost to the Cluster.

K Helliwell's annual salary was in the range £95k-£100k and was paid by BEN PCT, which did not recharge the cost to the Cluster.

F Baillie's annual salary was in the range £95k-£100k and was paid by Coventry PCT, which did not recharge the cost to the Cluster.

L Williams annual salary was in the range £105k-£110k and was paid by Sandwell PCT, which did not recharge the cost to the Cluster.

Note 5 J Birrell left the organisation on 31 Mar 12.

Note 6 Dr S Munday was not part of the Cluster Senior Management Team from 1 Apr 12.

Note 7 *Dr C Spencer Jones was not part of the Senior Management Team from 1 Apr 12.*

Note 8 CCG Lay Advisors & Co-opted Members were not part of the Cluster Senior Management Team from 1 Apr 12, although they were included in the PCT remuneration reports for 2011/12

Note 9 The Cluster was recharged by Walsall PCT for the costs of the Cluster Chief Executive to Sep 12, whose costs have been shared between the four Cluster PCTs.

Note 10 The salary costs of the former Chief Executive have been recharged to other NHS organisations during 2012-13 and therefore do not appear in the remuneration or pay multiple information disclosed.

Pay Multiples Disclosure

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.

Birmingham East & North PCT	The banded remuneration of the highest paid director in Birmingham East & North PCT in the financial year 2012-13 was £ 38k (2011-12, £83k). This was 1.4 times (2011-12, 3.2) the median remuneration of the workforce, which was £28k (2011-12, £26k). In 2012-13, 143 (2011-12, 1) employees received remuneration in excess of the highest paid director. Remuneration ranged from £1k to £109k (2011-12, £5k to £109k) If the highest paid director's remuneration was not split across PCTs, the banded remuneration would be £148k. This would be 5.4 times the median remuneration of the workforce.
Heart of Birmingham PCT	The banded remuneration of the highest paid director in Heart of Birmingham PCT in the financial year 2012-13 was £ 38k (2011-12, £147k). This was 1.2 times (2011-12, 4.3) the median remuneration of the workforce, which was £32k (2011-12, £34k). In 2012-13, 100 (2011-12, 1) employees received remuneration in excess of the highest paid director. Remuneration ranged from £1k to £129k (2011-12, £14k to £143k) If the highest paid director's remuneration was not split across PCTs, the banded remuneration would be £148k. This would be 4.7 times the median remuneration of the workforce.
Solihull PCT	The banded remuneration of the highest paid director in Solihull PCT in the financial year 2012-13 was £ 38k (2011-12, £133k). This was 1.2 times (2011-12, 4.0) the median remuneration of the workforce, which was £31k (2011-12, £33k). In 2012-13, 52 (2011-12, 1) employees received remuneration in excess of the highest paid director. Remuneration ranged from £1k to £135k (2011-12, £14k to £143k) If the highest paid director's remuneration was not split across PCTs, the banded remuneration would be £148k. This would be 4.7 times the median remuneration of the workforce.
South Birmingham PCT	The banded remuneration of the highest paid director in South Birmingham PCT in the financial year 2012-13 was £ 38k (2011-12, £157k). This was 1.1 times (2011-12, 4.4) the median remuneration of the workforce, which was £34k (2011-12, £36k). In 2012-13, 82 (2011-12, 1) employees received remuneration in excess of the highest paid director. Remuneration ranged from £1k to £169k (2011-12, £14k to £165k) If the highest paid director's remuneration was not split across PCTs, the banded remuneration would be £148k. This would be 4.4 times the median remuneration of the workforce.

The main reason for the movement in ratios for all of the PCTs is a result of the highest paid directors' pay being shared between PCT under Cluster arrangements.

For each of the PCTs, the banded remuneration of the highest paid director fell in 2012-13 because of the sharing of the role between the PCT's. The number of employees with pay in excess of the highest paid director increased in 2012-13 because of this sharing of the role between PCTs.

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

Pension entitlements of Senior Managers

Name	Title	Period (if less than 12 mths)	Real increase in pension at age 60 (bands of £2,500) Total	Real increase in pension lump sum at age 60 (bands of £2,500) Total	Total accrued pension at age 60 at 31 March 2013 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2013 (bands of £5,000)	Cash Equivalent Transfer Value at 31st March 2013	Cash Equivalent Transfer Value at 31st March 2012	Real increase in Cash Equivalent Transfer Value *	Employer's contribution to stakeholder pension
			£000's	£000's	£000's	£000's	£000's	£000's	£000's	£00's
Clusterwide Appointments										
Denise McLellan	Chief Executive	to 30-Sep-12	-5-7.5	-20-22.5	45-50	145-150	817	961	-97	0
Rachel Hardy	Director of Finance	to 31-Oct-12	-0-2.5	-0-2.5	35-40	115-120	616	575	7	0
Nicola Benge	Director of Public Health	to 30-Sep-12	2.5-5	5-10	35-40	110-115	681	540	57	0
Diane Reeves	Medical Director	to 30-Sep-12	0-2.5	0-2.5	30-35	100-105	616	574	6	0
Peter Spilsbury	Director of Commissioning Development	to 30-Sep-12	-0-2.5	-0-2.5	45-50	135-140	850	805	2	0
Denise Price	Director of Quality and Nursing	to 30-Sep-12	-0-2.5	-0-2.5	35-40	105-110	729	681	6	0

In his budget of 22 June 2010 the Chancellor announced that the uprating (annual increase) of public sector pensions would change from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) with the change implemented from April 2011. The inflation uplift used in the calculation of real pension increases is 5.2%.

For figures at 31st March 2013, NHS Pensions Agency has used the most recent set of actuarial figures produced by the Government Actuary department, following a HM Treasury review.

The real increases disclosed in respect of Cluster appointments are based on the proportion of the year in post, with Cluster appointments being split equally between the four PCTs within the Cluster.

SUMMARY FINANCIAL STATEMENTS

This Annual Report presents summarised financial information regarding the operations of the four PCTs within the Birmingham and Solihull Cluster of PCTs. The accounts for 2012-13 have been prepared in a standard format that the Secretary of State has approved. Each PCT has an obligation each year not to spend more than its Resource Limit and to achieve Operating Financial Balance.

The Statement of Accounting Officer's Responsibilities, along with the other Directors' statements, is included within the statutory accounts, which are publicly available.

Each PCT receives the vast majority of its resources from the Department of Health (DH) in the form of direct allocations to fund its activities, both in terms of purchase of health care and the running costs of the organisation.

The accounts are prepared in line with Accounting Policies determined by the Secretary of State. The Accounting Policies are consistent across the four PCTs.
Within the Annual Report, the PCTs are required to highlight any accounting policies that required the particular elements of judgement. There is one key area here, related to the shared running costs of the Cluster. This relates to joint posts at an Executive Team and Senior Management Level. The decision taken is that such costs are split in equal proportions across the four PCTs.

The main risk in terms of the PCT finances relates to the impact of the changes set out by the Government in the Health and Social Care Act 2012 and, as services will continue to be provided by another public sector entity, it has been concluded that it is appropriate for the accounts to be prepared on a going concern basis. In addition, management has considered the implications of the Act and does not believe that it will have a material impact on the carrying value of assets and liabilities as the functions of the PCTs will be transferred to the various successor bodies. As a result, the accounts are prepared on a going concern basis.

There were no unusual or major financial transactions in any of the PCTs that require separate disclosure within the Annual Report for 2012/13.

Performance against targets

	BEN PCT		**HoB PCT**		**Solihull PCT**		**South B'ham PCT**	
REVENUE	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
	£000	£000	£000	£000	£000	£000	£000	£000
Net operating costs of the financial year	809,426	790,925	591,575	579,232	354,361	348,956	668,053	660,128
Revenue resource limit	813,965	791,165	593,896	580,062	356,050	349,237	670,924	660,864
Surplus	4,539	240	2,321	830	1,689	281	2,871	736
Surplus as a percentage of Resource Limit	0.5%		0.4%		0.5%		0.43%	
CAPITAL								
Gross Capital Expenditure	-179	16,123	10,394	14,685	2,978	958	3,290	3,052
Capital Resource Limit	394	18,123	10,733	14,830	3,546	966	3,568	3,112
Underspend against capital resource limit	573	1,660	339	145	376	8	278	60

Summary Financial Statements

The PCT Cluster's Summarised Financial Statements set out the main financial information contained within the statutory accounts. These are not intended to provide detailed information on the organisation's transactions. This can be gained from the full accounts, which are publicly available.

Statement of Comprehensive Net Expenditure	**BEN PCT**		**HoB PCT**		**Solihull PCT**		**South B'ham PCT**	
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Pay and related costs	19,819	29,483	15,100	17,266	6,053	7,934	11,535	12,114
Other costs	1,801,546	1,802,349	600,922	588,766	359,319	351,010	676,700	663,860
Less operating revenue	-1,014,747	-1,043,197	-28,002	-27083	-12,049	-11,397	-21,846	-16,571
Net operating costs for the financial year	806,618	788,995	588,020	578.949	353.323	347,547	666,389	659,403
Other comprehensive net expenditure	2,710	2,196	2,887	1,246	458	303	777	725
Impairments	98	-266	668	-963	580	1,106	887	0
Total Comprehensive Net Expenditure for the year	809,426	790,925	591,575	579,232	354,361	348,956	668,053	660,128

Statement of financial position as at 31 March 2013	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011-12 £000
Non current assets								
Property, Plant and Equipment	54,306	53,877	55,602	49,682	21226	21,672	80,306	83,858
Intangible Assets	160	0	354	59	6	14	563	1,389
Other Assets	1,186	1.186	738	738	323	136	141	141
Total non-current assets	**55,652**	**55,063**	**56,694**	**50,579**	**21,555**	**31,822**	**81,010**	**85,388**
Current assets								
Trade and other receivables	18,596	21,114	11,082	6,222	3,072	7,895	9,966	7,749
Cash and cash equivalents	2,502	2	219	1	2,794	1	2,361	1
Total Current assets	21,098	21,116	11,301	6,223	5,866	7,896	12,327	7,750
Total assets	76,750	76,179	67,995	56,702	27,421	29,718	93,337	93,138
Current liabilities								
Trade and other payables	-73,554	-76,558	-41,032	-34,040	24,202	-26,183	-32,941	-34,088
Provisions	-2,547	-1,211	-1,564	-1,839	746	-3,371	-3587	-3,075
Total Current Liabilities	-76,101	-77,769	-42,596	-35,879	24,948	-29,554	-36,528	-37,163
Non-current assets plus/less net current assets/liabilities	**649**	**-1,590**	**25,399**	**20,823**	**2,473**	**164**	**56,809**	**55,975**
Non-current liabilities								
Trade and other payables	-30,477	-31,230	-30,879	-22,586	-4,352	-4,578	-5,903	-6,132
Provisions	-5,871	-9,387	-3,775	-4,112	-3,073	-1,491	-5,341	-4,985
Total assets employed	**-35,699**	**-40,617**	**-9,255**	**-5,875**	**-4,952**	**-5,905**	**45,565**	**44,858**
Financed by Taxpayers Equity								
General Fund	-43,487	-46,717	-15,776	-12,744	-13,307	-15578	28,171	24,889
Revaluation Reserve	7,788	4,507	6,521	6,889	8,355	9,673	17,394	19,969
Total Taxpayers equity	**-35,699**	**-42,207**	**-9,255**	**-5,875**	**-4,952**	**-5,905**	**45,565**	**44,858**

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2013	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Opening reserves	-42207	-36836	-5875	-7835	-5905	-5891	44858	35,929
Net Operating Costs for the Year	-809426	-790925	-591575	-579232	-354361	-348956	-668053	-660128
Net gain on revaluation of Property, Plant and Equipment	3,828	2630	839	109	148	643	1318	1056
Impairments and reversals	-547	0	-1,187	749	-1250	-201	-3893	-533
Total recognised income and expense for the year	-806145	-788295	-591923	-578374	-355463	-348514	-670628	-659605
Net parliamentary funding	812653	782474	588543	579884	356416	348500	671335	668534
Balance at 31 March 2013	**-35699**	**-42207**	**-9255**	**-5875**	**-4952**	**-5905**	**45565**	**44858**

Statement of Cash Flows for the Year Ended 31 March 2013	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Cash Flows from operating activities								
Net operating costs	-806716	-788729	-588688	-577986	-353903	-348653	-667276	
Depreciation and amortisation	2415	2057	3163	2617	1525	1563	3080	
Impairments and reversals	98	-266	668	-963	580	1106	2013	
Interest Paid	-2454	-2223	-2831	-1173	-420	-319	-651	
(Increase)/decrease in inventories					0	515	0	
(Increase)/decrease in trade and other receivables	2518	-8709	-4860	-507	5048	1595	-2217	
Increase/(decrease) in trade and other payables	-3194	11783	7253	-892	-2291	-5084	265	
Provisions utilised	-5435	-791	-4701	-408	-1934	-969	-2541	
Increase/(decrease)in provisions	3149	7074	3995	1760	855	2829	3283	
Net Cash Outflow from Operating Activities	-809619	-779804	-586001	-577552	-350540	-347417	-664044	
Cash flows from investing activities								
Interest Received	0	108	38	28	0	24	0	
Payments for purchase of plant, property and equipment	-531	-2160	-1709	-2061	-2882	-1056	-4722	
Disposal of assets	750		0	0	2	110	0	0
Loans repaid re LIFT	0	2	0	0	0	0	0	0
Net cash flow from investing activities	219	-2050	-1671	-2033	-2880	-922	-4722	-2990
Net cash outflow before financing	-809400	-781854	-587672	-579585	-353420	-348339	-668766	-671974
Cash flows from financing activities								
Capital Element of LIFT payments	-753	-638	-653	-301	-203	-171	-209	-193
Capital Grants & Other Capital receipts							0	3130
Net parliamentary funding	812653	782474	588543	579884	356416	348500	671335	668534
Net cash inflow from Financing	811900	781836	587890	579583	356213	348239	671126	671471
Net increase/(decrease) in cash and cash equivalents	2500	-18	218	-2	2793	-10	2360	-503
Cash and cash equivalents at beginning of the financial year	2	20	1	3	1	11	1	504
Cash and cash equivalents at the end of the financial year	2502	2	219	1	2794	1	2361	1

Running costs

Primary Care Trusts are required to report their running costs within their accounts, both in terms of the total running costs and running costs by head of population.

RUNNING COSTS	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
Running costs (£000)								
Weighted population (number)	442,985	442,985	306,934	306,934	194,527	194,527	378,335	378,335
Running costs per weighted head of population (£)	60	63	51	61	42	49	54	57

PUBLIC HEALTH SPEND	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
Total public health expenditure (£000)	5	5	13	9	4	6	3	5

Better Payments Practice Code

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

The table below illustrates the four PCTs' performance for the 2012/13 and 2011/12 financial years:

	£000	Number	£000	Number	£000	Number	£000	Number
Total invoices paid in 2012/13	1,640,819	25,741	76,658	11,906	268,665	14,255	573,476	7,497
Total invoices paid within target in 2012/13	1,599,766	22,633	68,328	10,968	255,784	11,770	566,807	6,857
Percentage of invoices paid within target in 2012/13	97.5%	87.9%	89.1%	92.1%	96.9%	82.6%	98.8%	91.5%
Total invoices paid in 2011/12	1,529,675	28,633	70,412	14,521	285,260	21,797	538,229	7,784
Total invoices paid within target in 2011/12	1,499,341	23,837	64,806	13,174	269,938	20,768	534,777	7,257
Percentage of invoices paid within target in 2011/12	98%	83.3%	92%	90.1%	94.6%	95.3%	99.4%	93.2%

Each PCT has also signed up to the Prompt Payment Code. The Code is an initiative devised by the government with The Institute of Credit Management (ICM) to tackle the crucial issue of late payment and to help small businesses especially. Suppliers can have confidence in any organisation that signs up to the code that they will be paid within clearly defined terms, and that there is a proper process for dealing with any payments that are in dispute.

STAFF SICKNESS ABSENCES[1]

	2013	2012	2013	2012	2013	2012	2013	2012
Total days lost	2,721	3,984	2,038	2,581	893	8,374	2,007	1,854
Total staff years	461	650	264	365	121	1,370	195	215
Average working days lost	5.9	6.13	7.7	7.07	7.4	6.11	10.3	8.62

[1] Staff sickness absence is reported in a calendar year basis

EXIT PACKAGES for the period 1 April 2012 to 31 March 2013

	Less than £10,000	Between £10,001 and £25,000	Between £25,001 and £50,000	Between £50,001 and £100,000	Between £100,001 and £150,000	Between £150,001 and £200,000	More than £200,000	Total Number / Cost
Birmingham East & North PCT								
Number of Compulsory Redundancies	11	9	7	4	0	0	0	31
Cost of compulsory redundancies (£000)	55	156	236	345	0	0	0	792
Number of other departures agreed	8	14	19	19	1	2	0	63
Cost of other departures agreed (£000)	51	223	646	1307	108	322	0	2657
Total number of exit packages by cost band	19	23	26	23	1	2	0	94
Total cost of exit packages by cost band (£000)	106	379	882	1652	108	322	0	3449
Number of departures where Special Payments have been made	0	0	0	0	0	0	0	0
Cost of departures where Special Payments have been made (£000)	0	0	0	0	0	0	0	0
Heart of Birmingham PCT								
Number of Compulsory Redundancies	5	11	7	6	8	0	1	38
Cost of compulsory redundancies (£000)	35	193	242	426	933	0	254	2083
Number of other departures agreed	5	4	12	15	7	0	0	43
Cost of other departures agreed (£000)	30	82	473	1183	833	0	0	2601
Total number of exit packages by cost band	10	15	19	21	15	0	1	81
Total cost of exit packages by cost band (£000)	65	275	715	1609	1766	0	254	4684

Number of departures where Special Payments have been made	0	0	0	0	0	0	0	0
Cost of departures where Special Payments have been made (£000)	0	0	0	0	0	0	0	0
Solihull PCT								
Number of Compulsory Redundancies	2	5	4	2	0	1	0	14
Cost of compulsory redundancies (£000)	13	83	141	106	0	155	0	497
Number of other departures agreed	3	4	1	5	1	0	0	14
Cost of other departures agreed (£000)	23	62	31	365	128	0	0	610
Total number of exit packages by cost band	5	9	5	7	1	1	0	28
Total cost of exit packages by cost band (£000)	36	145	172	471	128	155	0	1107
Number of departures where Special Payments have been made	0	0	0	0	0	0	0	0
Cost of departures where Special Payments have been made (£000)	0	0	0	0	0	0	0	0
South Birmingham PCT								
Number of Compulsory Redundancies	2	1	5	1	1	0	1	11
Cost of compulsory redundancies (£000)	12	12	141	100	130	0	285	680
Number of other departures agreed	0	8	10	10	2	1	0	31
Cost of other departures agreed (£000)	0	155	366	706	245	162	0	1634
Total number of exit packages by cost band	2	9	15	13	2	1	1	43
Total cost of exit packages by cost band (£000)	12	167	507	806	375	162	285	2314
Number of departures where Special Payments have been made	0	0	0	0	0	0	0	0

Cost of departures where Special Payments have been made (£000)	0	0	0	0	0	0	0	0

REVIEW OF TAX ARRANGEMENTS OF PUBLIC SECTOR APPOINTEES

Treasury published PES (2012)17 Annual Reporting Guidance 2012-13 in December 2012. One of the requirements is for organisations to disclose information about 'off payroll engagements'.

Requirement 1 – Off payroll engagements at a cost of more than £58,200 per annum that were in place as at 31 January 2012:

BSOL NHS Cluster had eight off payroll engagements in place as at 31 January 2012, all of which were in excess of £58,200 per annum.

Five of these contracts were renegotiated and they are now on the payroll, and the other three came to an end during the 2012-13 financial year.

Requirement 2 – New off payroll engagement between 23 August 2012 and 31 March 2013 for more than £220 per day and more than six months:

BSOL NHS Cluster did not take on any new off payroll engagements between these dates for more than £220 per day and for more than six months.

PENSIONS LIABILITIES

Past and present employees' pension costs are covered by the provisions of the NHS pensions scheme. The details are set out in note 7.5 within the statutory financial statements.

EXTERNAL AUDIT

The audit services provided in 2012/13 included the audit of the PCTs' financial statements and other statutory activities including value for money work. These services were provided as follows to each of the Authorities and the costs were:

BEN PCT - Grant Thornton - £274k
HoB PCT - Grant Thornton - £120k
Solihull PCT - Grant Thornton - £114k
South B'ham PCT - Grant Thornton - £152k

The work completed by the external auditors related only to statutory audit services.

FULL ACCOUNTS

The summarised financial statements represent a summary of the full accounts which are available to the public at no charge.
Each statutory body has complied with HM Treasury guidance on setting charges. This guidance is available as Appendix 6 to HM Treasury's MPM.

AUDITOR’S STATEMENT ON THE SUMMARY FINANCIAL STATEMENTS

INDEPENDENT AUDITOR’S REPORT TO THE DEPARTMENT OF HEALTH'S ACCOUNTING OFFICER IN RESPECT OF BIRMINGHAM EAST AND NORTH PCT

We have examined the summary financial statement for the year ended 31 March 2013 relating to Birmingham East and North PCT which comprises: Performance against Targets, Statement of Comprehensive Net Expenditure, Statement of financial position as at 31 March 2012, Statement of Changes in Taxpayers’ Equity for the year ended 31 March 2012, Statement of Cash Flows for the Year Ended 31 March 2012, Running costs, Better Payments Practice Code, Staff Sickness Absence, and Exit Packages for the period 1 April 2012 to 31 March 2013.

This report is made solely to the Department of Health's accounting officer in respect of Birmingham East and North PCT 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 Department of Health's accounting officer and the Trust as a body, for our audit work, for this report, or for opinions we have formed.

Respective responsibilities of signing officer and auditor

The signing officer is responsible for preparing the Annual Report.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual Report with the statutory financial statements.

We also read the other information contained in the Annual Report and consider the implications for our report if we become aware of any misstatements or material inconsistencies with the summary financial statement.

We conducted our work in accordance with Bulletin 2008/03 “The auditor's statement on the summary financial statement in the United Kingdom” issued by the Auditing Practices Board. Our report on the statutory financial statements describes the basis of our opinion on those financial statements.

Opinion

In our opinion the summary financial statement is consistent with the statutory financial statements of the Birmingham East and North PCT for the year ended 31 March 2013. We have not considered the effects of any events between the date on which we signed our report on the statutory financial statements [7 June 2013] and the date of this statement.

Grant Thornton UK LLP

Colmore Plaza

20 Colmore Circus

Birmingham

B4 6AT

18 June 2013

INDEPENDENT AUDITOR'S REPORT TO THE DEPARTMENT OF HEALTH'S ACCOUNTING OFFICER IN RESPECT OF HEART OF BIRMINGHAM tPCT

We have examined the summary financial statement for the year ended 31 March 2013 relating to Heart of Birmingham tPCT which comprises: Performance against Targets, Statement of Comprehensive Net Expenditure, Statement of financial position as at 31 March 2012, Statement of Changes in Taxpayers' Equity for the year ended 31 March 2012, Statement of Cash Flows for the Year Ended 31 March 2012, Running costs, Better Payments Practice Code, Staff Sickness Absence, and Exit Packages for the period 1 April 2012 to 31 March 2013.

This report is made solely to the Department of Health's accounting officer in respect of Heart of Birmingham tPCT 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 Department of Health's accounting officer and the Trust as a body, for our audit work, for this report, or for opinions we have formed.

Respective responsibilities of signing officer and auditor

The signing officer is responsible for preparing the Annual Report.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual Report with the statutory financial statements.

We also read the other information contained in the Annual Report and consider the implications for our report if we become aware of any misstatements or material inconsistencies with the summary financial statement.

We conducted our work in accordance with Bulletin 2008/03 "The auditor's statement on the summary financial statement in the United Kingdom" issued by the Auditing Practices Board. Our report on the statutory financial statements describes the basis of our opinion on those financial statements.

Opinion

In our opinion the summary financial statement is consistent with the statutory financial statements of the Heart of Birmingham tPCT for the year ended 31 March 2013. We have not considered the effects of any events between the date on which we signed our report on the statutory financial statements [7 June 2013] and the date of this statement.

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18 June 2013

INDEPENDENT AUDITOR'S REPORT TO THE DEPARTMENT OF HEALTH'S ACCOUNTING OFFICER IN RESPECT OF SOLIHULL PCT

We have examined the summary financial statement for the year ended 31 March 2013 relating to Solihull PCT which comprises: Performance against Targets, Statement of Comprehensive Net Expenditure, Statement of financial position as at 31 March 2012, Statement of Changes in Taxpayers' Equity for the year ended 31 March 2012, Statement of Cash Flows for the Year Ended 31 March 2012, Running costs, Better Payments Practice Code, Staff Sickness Absence, and Exit Packages for the period 1 April 2012 to 31 March 2013.

This report is made solely to the Department of Health's accounting officer in respect of Solihull PCT 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 Department of Health's accounting officer and the Trust as a body, for our audit work, for this report, or for opinions we have formed.

Respective responsibilities of signing officer and auditor

The signing officer is responsible for preparing the Annual Report.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual Report with the statutory financial statements.

We also read the other information contained in the Annual Report and consider the implications for our report if we become aware of any misstatements or material inconsistencies with the summary financial statement.

We conducted our work in accordance with Bulletin 2008/03 "The auditor's statement on the summary financial statement in the United Kingdom" issued by the Auditing Practices Board. Our report on the statutory financial statements describes the basis of our opinion on those financial statements.

Opinion

In our opinion the summary financial statement is consistent with the statutory financial statements of the Solihull PCT for the year ended 31 March 2013. We have not considered the effects of any events between the date on which we signed our report on the statutory financial statements [7 June 2013] and the date of this statement.

Grant Thornton UK LLP

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Birmingham

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18 June 2013

INDEPENDENT AUDITOR'S REPORT TO THE DEPARTMENT OF HEALTH'S ACCOUNTING OFFICER IN RESPECT OF SOUTH BIRMINGHAM PCT

We have examined the summary financial statement for the year ended 31 March 2013 relating to South Birmingham PCT which comprises: Performance against Targets, Statement of Comprehensive Net Expenditure, Statement of financial position as at 31 March 2012, Statement of Changes in Taxpayers' Equity for the year ended 31 March 2012, Statement of Cash Flows for the Year Ended 31 March 2012, Running costs, Better Payments Practice Code, Staff Sickness Absence, and Exit Packages for the period 1 April 2012 to 31 March 2013.

This report is made solely to the Department of Health's accounting officer in respect of South Birmingham PCT 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 Department of Health's accounting officer and the Trust as a body, for our audit work, for this report, or for opinions we have formed.

Respective responsibilities of signing officer and auditor

The signing officer is responsible for preparing the Annual Report.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual Report with the statutory financial statements.

We also read the other information contained in the Annual Report and consider the implications for our report if we become aware of any misstatements or material inconsistencies with the summary financial statement.

We conducted our work in accordance with Bulletin 2008/03 "The auditor's statement on the summary financial statement in the United Kingdom" issued by the Auditing Practices Board. Our report on the statutory financial statements describes the basis of our opinion on those financial statements.

Opinion

In our opinion the summary financial statement is consistent with the statutory financial statements of the South Birmingham PCT for the year ended 31 March 2013. We have not considered the effects of any events between the date on which we signed our report on the statutory financial statements [7 June 2013] and the date of this statement.

Grant Thornton UK LLP

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Birmingham

B4 6AT

18 June 2013

GLOSSARY OF FINANCIAL TERMS

Benefits in kind Taxable benefits arising from goods and services received by the employee in addition to salary.

Better Payment Practice Code Requirement for the Authority to aim to pay all valid invoices by the due date or within 30 days of receipt of goods or valid invoice, whichever is later.

Capital Resource Limit The amount that the Authority is approved to charge to capital expenditure in the year by the Department of Health.

Current Liabilities Amounts owed by the Authority to other organisations and individuals.

Current Assets Amounts owed to the Authority by other organisations and individuals.

General Fund The accumulated surpluses or deficits attributable to the Authority since its formation net of parliamentary funding received.

Impairment Recognition of losses in value of non-current assets held by the Authority.

Intangible Assets Non-current assets held by the Authority that do not have physical substance, for example, software licences.

Net Operating Costs The running costs of the Authority (staff salaries, rent, telephones, office equipment, stationery, etc), less any income received.

Non-Current Assets Assets that have a use or operational term spanning more than one financial period.

Pay and Related Costs These are referred to as Employee Benefits in the Authority's annual accounts and relate to salaries and associated costs.

Provisions Amounts charged to operating costs for liabilities of uncertain timing or amount.

Revaluation Reserve Reserve arising from the revaluation of non-current assets required to maintain such assets in the accounts at fair value.

Revenue Resource Limit The amount that the Authority is approved to charge to operating cost statement in the year by the Department of Health.

Running Costs Costs incurred that are not direct payments for the provision of healthcare or healthcare related services.

Statement of Cash Flows Summary of the movements in cash and cash equivalents between statement dates.

Statement of Changes in Taxpayers' Equity Summary of movements in the Authority's General Fund and Revaluation Reserve during the financial period.

Statement of Comprehensive Net Expenditure Summary of costs and revenue for the Authority during the financial year.

Statement of Financial Position Summary of the assets, liabilities and taxpayers equity at the financial year end date.

DECLARATION OF INTERESTS 2012-13

On the basis that, from 1 October 2012, Birmingham, Solihull and the Black Country operated as a single Cluster of PCTs, the following is a disclosure of the interests of Directors from across the broader Cluster.

BLACK COUNTRY AND BIRMINGHAM AND SOLIHULL CLUSTERS

Black Country

Name	Designation	Interest
Mrs G Cooper	Chairman	• Director – Dudley Hope • Justice of the Peace
Mrs J Jasper	Non-executive director/Audit Chair	• Shares in National Express Group • Chair of Governors, Thorns Community College • Trustee The Stourbridge Education Trust • Director – Westlands Associates Ltd • Governor, Stourbridge College Corporation
Dr S Cartwright	Medical Director	• GP partner, Keelinge House Surgery, Dudley
Ms S Ali	Director of Nursing until 1.10.12	• None
Mr A Williams	Director of Commissioning Development until 1.10.12	• None
Mr J Green	Director of Finance until 1.10.12	• None
Mr R Haynes	Assistant Chief Executive – Communications	• Director – Rock House Communications Ltd
Ms V Little	Director of Public Health	• Governor of Castle High School Foundation • Director, Ephraim Estates Ltd • Co-opted member of Central Dudley Area Committee
Mrs K Sharpe	Assistant Chief Executive – Board Secretary/Director of	• Company Secretary, MS Consulting and Research Ltd • Director – Railway Walk (Breme Park) Management Committee • Trustee, Redditch Nightstop

	Governance and Handover	
Dr David Hegarty	Chair – Dudley CCG	• GP – Wychbury Medical Centre, Dudley • Director – DM Hegarty Ltd
Dr Amrik Gill	Walsall CCG chair	• None
Dr Dante DeRosa	Wolverhampton City CCG	British Medical Association (BMA) - Member Royal College of General Practitioners (RCGP) - Member Appraisal GP Occasionally chair meetings for Pharmaceutical Times
Dr Nick Harding	Chair – Sandwell and West Birmingham CCG	• Handsworth Wood medical centre. Partner and property share owner • Vitality Partnership, partner and director of subsidiary companies • Vineyard Churches UK & I, Trustee • Royal College of General Practitioners (RCGP), GP trainer, GP examiner • Home Office – Birmingham Crematorium Appointed doctor • Health & Safety Executive for Asbestos, Ionising Radiation, and Lead medicals, Appointed doctor • Maritime Coastguard Agency, Appointed doctor • Faculty of Medical Leadership & Management, Member
Mr R Nugent	Non-Executive Director	• Director / Trustee: Warley Woods Community Trust • Principal – HECS (Healthcare Estates Consultancy Services) Architects • Governor Sandwell College • Past President Institute of Healthcare Engineering and Estates Management • Corporate Member Royal Institute of British Architects
Mr J Oatridge	Non-Executive Director	• Northern Ireland Authority for Utility Regulation – Non Executive Director • Chartered Institute of Water and Environment Management – Chairman • Animal Health – Non Executive Director
Cllr Bob Jones	Non-executive Director	• Wolverhampton City Council – Member *until March 2013* • West Midlands Police Authority - Member *until Oct 2012)* • West Midlands Local Government Pension Fund • West Midlands Police and Crime Commissioner
Michael Smith	Non Executive Director	Acacia Family Support Vice Chairman

Birmingham & Solihull

Name	Designation	Interest
Mrs N Devi	Non-executive Director	• Rights Equality Sandwell Board Member • Director of ND Consultants Ltd • Member of the Labour Party
Miss G Siggins	Non-executive Director	• Director of Adult Social Care (London Borough of Newham) • Member – Association of Directors of Adult Social Services • Member – British Association of Occupational Therapists • Health Professions Council – Registration as Occupational Therapist member
Mr D Gutteridge	Non-executive Director	• Black Country Housing Group • Chair, Relate Walsall • Magistrate, Walsall Bench
Mr R Bacon	Chief Executive until 1.10.12 then CSU Managing Director	• None
Ms W Saviour	Accountable Officer from 1.10.12	• None
Mr L Williams	Director of Operations and Delivery *from 1.10.12*	• Chair of Halesowen College
Ms K Helliwell	Director of Commissioning from 1.10.12	• None
Ms A Taylor	Director of Finance from 1.11.12	• None
Dr A Phillips	Public Health Representative until 1.10.13	• Wolverhampton Wanderers Community Trust - Trustee • Joint Appointment with Wolverhampton City Council • Member of British Medical Association • Faculty of Public Health - Fellow
Ms M Madders	Assistant Chief Executive – HR/OD	• None
Sharon Annakie	Non Executive Director (until Jan 2013)	Adaiah Care Ltd Owner & Director Soroptimists International Great Britain & Ireland Member
Rod Anthony	Non Executive Director	NHS Institute for Innovation & Improvement Director Amandor Ltd Owner & Director Audit Commission; Finance and Efficiency Advisory Group Member Social and Local Community Interest Company Chairman
Nicola Benge	Cluster Public	Leicestershire NHS Cluster - Partner is a Director

	Health lead until October 2012	
Rachel Hardy	Director of Finance until October 2012	Married to the Chief Executive of University Hospitals Coventry and Warwickshire
Barry Henley	Non Executive Director	• Birmingham City Council Elected member • Academy of Youth University of the First Age Trustee
Denise McLellan	Chief Executive until October 2012	Maidstone & Tunbridge Wells Hospital - Sister is a Manager
Brendan O'Brien	Non Executive Director	BT plc Employee Heart of England Foundation Trust - Wife and daughter employees
Jenni Ord	Chairman	West Midlands Heritage Lottery Fund Committee Member Stourbridge College Governor Chair West Midlands Local Education & Training Board (WMLETB) – 1st October 2012 Midland Heart Co-opted Member of Health & Social Care Committee – January 2013
Christine Parkinson	Non Executive Director	• Bethel Health and Healing Network Trustee and Director • Gilgal Refuge Management Committee member • Jericho Community Business Co-founder • Advocacy Support for vulnerable young adults Unofficial (voluntary) • West Midlands Third Sector Strategic Forum Elected member
Denise Price	Director of Nursing and Quality until October 2012	None
Diane Reeves	Medical Director until October 2012	St. Peter's Parochial Church Council, Harborne, Birmingham Elected Member St. Peter's CE Primary School, Harborne, Birmingham PCC Governor British Medical Association Member Royal College of General Practitioners Member
Peter Spilsbury	Director of Commissioning Development until 1 October 2012	City of Birmingham Symphony Orchestra Trustee on Board Health Services Management Centre, University of Birmingham Honorary Fellow
John Taylor	Non-Executive Director/Audit Chair	UK Athletics Ltd Director BaS Lift Ltd (Birmingham & Solihull LIFTCo) Chair Prima 200 Ltd (Stoke & Staffordshire LIFTCo) Chair Autism West Midlands Trustee and Director
Anand Chitnis	Solihull Health CCG Chair	The Castle Practice GP Partner NHS West Midlands GP Trainer Solis Health Consortium Director & Board Member General Medical Council Registrant British Medical Association Member Royal College of Gener al Practitioners Fellow Medical Defence Union Member Midland Institute of Otorhinolaryngology Member Primary Care Mental Health Education (PRIMHE) Member Newman Holiday Trust registered charity 326429, Chairman and Trustee
Andrew	Birmingham South	Kings Norton Surgery GP – Senior Partner; Wife a GP at this practice

Coward	Central CCG Chair	South Doc Services Minor shareholding Royal College of GPs Member British Medical Association Member Medical Defence Union Member Labour Party Member
Gavin Ralston	Birmingham Cross City CCG Chair	Lordswood Practice GP Birmingham LMC Member
Peter Hay	Strategic Director, Adults and Communities, Birmingham City Council	- Charitable Trustee for ADASS (Association of Directors of Adult Social Services) and CIC (Community Integrated Care) - Chair of Research in Practice for Adults, Dartington.

2012-13 Annual Accounts of Birmingham East and North, Heart of Birmingham, Solihull, and South Birmingham Primary Care Trusts.

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

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 trusts;
- the expenditure and income of the primary care trusts 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: Wendy Saviour

Date: .....20 June 2013.....

Annual Governance Statement – 2012-13
Birmingham East and North Primary Care Trust

Scope of responsibility

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

The performance of the PCT is monitored through that of the Birmingham and Solihull PCT Cluster by NHS Midlands and East via their assessment of the PCT is meeting its obligations, as set out in the NHS Operating Framework 2012-13. This is undertaken by the submission of reports, by declarations of compliance and by meetings between NHS Midlands and East and PCT staff. My personal performance is appraised and managed by the Chairman on behalf of the PCT Board.

In 2011-12, the PCT delegated responsibility for the operational delivery of its statutory functions to a joint sub-committee of Birmingham and Solihull PCTs this includes; Birmingham East & North, Heart of Birmingham, Solihull and South Birmingham PCTs. This arrangement has continued throughout the duration of 2012-13 and I have led the transition to a new NHS architecture which includes the formal transfer of a number of PCT statutory functions to new NHS bodies and/or partner local authorities.

As a manifestation of these transitional arrangements, the Birmingham CrossCity, Birmingham South Central and Solihull Clinical Commissioning Groups (CCG) were set up as a sub-committee of the Cluster Board during 2012-13. This enabled the PCT, through the shadow CCG, to work as an equal partner within the locality partnership arrangements. Senior PCT staff were members of these partnership boards and the work of these partnership boards was presented to each CCG Board. The CCG has a good working relationship with the locality Health and Social Care Scrutiny Panel(s). The CCG continues to work with Local Involvement Networks (LINks) and has been an active partner in the development of the new HealthWatch.

The PCT, through the shadow CCG, has continued the partnership work by being an active member within the Shadow Health and Wellbeing Board. The Cluster has also been directly represented on each of the Shadow Health and Wellbeing Boards in Birmingham and Solihull. The Joint Directors of Public Health have been working with the local authority on the transfer of Public Health in accordance with the Health and Social Care Act.

I have ensured that the PCT, through the joint sub-committee of the Cluster has documented for successor organisations significant areas of work through the Handover Document and the Quality Handover Document. Both these were presented to the final Cluster Board meeting and were formally 'sent' to receiver organisations. I also ensured that any ongoing work associated with open complaints, claims, fraud cases and serious incidents was also officially 'sent' to receiver organisations through the last PCT Board meeting. The Cluster has been working to a closedown plan, overseen by the Transition Committee, accountable to the PCT Board.

The governance framework of the organisation

The governance framework is designed to manage risk to a reasonable level rather than to guarantee the elimination of all risk of failure to achieve aims and objectives; it cannot therefore provide an absolute assurance of effectiveness. The governance framework and systems of internal control is an evolutionary process designed to:

- Identify and prioritise the risks to the delivery of aims and objectives

- Evaluate the likelihood of those risks occurring and the impact should they be realised, and to manage them efficiently, effectively and economically

The system of internal control has been reviewed and amended throughout the 2012/13 year to reflect the nature of the transitional environment and to ensure a robust assurance framework continues to be in place to best support the delivery of key aims.

The Board

For the period April – September 2012 inclusive the PCT was led by a Chief Executive. With effect from 1 October 2012 I was appointed the Accountable Officer and thus the Chief Executive of the PCT together with the other PCTs that made up the Cluster. I received a detailed handover from my predecessor which was documented and presented to the Cluster Board for assurance. The PCT Executive Team also changed on 1 October and I ensured they each received a detailed handover from their outgoing predecessor. The Quality Handover Document was presented to the Board for assurance. The Executive Team and I have been working with the receiver organisations to ensure the safe execution of the Health and Social Care Act 2012.

The Cluster Board (which in turn operated as the PCT Board) had 14 voting members:

- 1 Chair
- 7 Non executives
- 1 Chief Executive
- 1 Nurse Director
- 1 Director of Finance
- 1 Director of Commissioning
- 1 Medical Director
- 1 Director of Public Health

The Joint Directors of Communications, Associate Director Corporate Affairs and a Board Secretary were in regular attendance. There continued to be a Director of Public Health in each PCT, but one represented colleagues at the Cluster Board. The Board also invited a number of co-opted, non-voting Members onto the Board to represent the broad stakeholder interest in the Board agenda.

Board meetings were held in public once every month until September 2012 and then bi-monthly from October 2012 to March 2013. Average attendance for the whole of 2012-13 is 83 per cent.

A review of Board performance against the requirements of the Corporate Governance Code has been completed for the 2012-13 year and I am confident that all relevant requirements have demonstrable evidence available to support a declaration of full compliance.

Board committee structure

The Board committee structure was reviewed on a regular basis throughout 2012-13 to ensure that the Board was appropriately supported in discharging its functions effectively and that the transition to the new NHS architecture was adequately reflected. Each sub-committee has a term of reference, which has been approved by the Board and provides a robust framework for the functions and duties of the committee to be discharged in a manner that ensures the main Board retains sufficient oversight of the proper performance of the delegated functions.

The Board committee structure for the period April to September 2012 inclusive is shown at Appendix 1. Following my appointment in October 2012 I reviewed the existing arrangements and implemented a series of changes to consolidate the committee structure and make best use of my Executive Team resource. This is shown at Appendix 2.

Risk assessment

As Accountable Officer, I have overall responsibility for risk management and the arrangements to support this are clearly articulated in the Board Assurance Framework and Risk Management Strategy. Moreover, in October 2012 the Standing Orders, SFI's and the Scheme of Reservation and Delegation were all reviewed and updated across the Cluster. They were approved at both the Cluster Audit Committee and the Cluster Board. To provide assurance to the Board all financial leads across the Cluster were written to and asked to sign to say they had received and disseminated the revised documents as necessary.

The PCT has reviewed the arrangements for delivery of key aspects of internal control mechanisms throughout the year to ensure they remain appropriate and reflective of the transition. This includes Local Security Management Service, compliance with the Health and Safety at Work Act Standards of Business Conduct and developing emergency response plans against regional and national directives.

Newly identified risks; i.e. risks identified in the year 2012/13

The Board Assurance Framework (attached at Appendix 3) is the mechanism by which all strategic level risks are identified, mitigated and reviewed by the Board. All risks contained on this exception report have been newly identified within the 2012/13 year. Risks that are deemed to be borough-wide and impact on other stakeholders are addressed through the appropriate partnership working arrangements Other risks are addressed through other routes, for example the emergency planning partnership work. Internal Audit has provided assurances on the operation of the Assurance Framework.

Data Security

Responsibility for Information Governance has been vested in the following colleagues throughout the year:

- Caldicott Guardian – Doug Wulf, Associate Medical Director (April to May)
- Caldicott Guardian – Nick Griggs, Associate Medical Director (May to September)
- Caldicott Guardian - Steven Cartwright, Medical Director (October to March)
- Senior Information Risk Officer – Diane Reeves, Medical Director (April to October)
- Senior Information Risk Officer – Alison Taylor, Director of Finance (November to March)

There have been three breaches of data security in year:

- Data breach re employee personal data – a root cause analysis was not completed however it was concluded that excessive information was issued following incorrect judgement. Information Governance (IG) colleagues have joined the Transition Board to ensure IG related advice and support is provided in a timely and effective manner

- Loss of unencrypted data – best practice was not followed in relation to transporting of information leading to the loss of personal and limited sensitive personal data relating to dental services. The PCT arranged a meeting with the dental practice concerned to review all actions taken as a result including a review of staff training records, availability of IG toolkit evidence and changes have been made to relevant policies (e.g. mobile devices and information security)

- Data breach re patient information – the agreed procedure for exporting patient data was not correctly followed and compounded by an error of transcription in dialling a fax number leading to patient information being sent to an external third party. The IG Manager completed a review that has led to a number of changes to systems and processes including cessation of non-secure data sharing protocols

During the year BEN PCT continued to implement a range of management actions arising from a report of the Information Commissioner's Office (ICO) relating to breaches of data security occurring in 2011-12 and declared in that year's Annual Governance Statement. An Internal Audit review of action taken in relation to the ICO report reported in February 2013 and has found that significant assurance is available on the extent of the implementation of agreed management actions.

There is a strong data security culture within the organisation backed up by mandatory training for all staff. Sanctions would be applied if staff wilfully disregarded basic security measures. All laptops and BlackBerries are encrypted and staff can send encrypted emails using the 'confidential' option on the email system.

Risk and Control Framework

The PCT Risk Management Strategy sets out the role and responsibility of the Chief Executive and other key officers in relation to risk management. The Executive Nurse and Medical Director provide clinical leadership in the clinical governance area and in particular quality and safety within the providers that the PCT commissions from.

The Clinical Executive/Quality and Safety Committee, chaired by the Medical Director with non-executive director attendance, meets monthly and is accountable to the PCT Board. This Committee assures the Board of the management of risk within the Cluster. It monitors the work of the Clinical Quality Review meetings with our main providers and the work of the Care Quality Commission locally (for example its assessments of nursing homes). It also reviews the red risks associated with quality and the serious incident reports. The Audit Committee gives assurance to the Board that risk is being managed appropriately within the Cluster.

The Assurance Framework provides the overall mechanism for the Cluster Board and hence the PCT to manage its strategic risks. It was based upon the Assurance Framework for 2011-12 which was developed by the whole Cluster Board during a facilitated planning event and each of the risks identified has a lead Cluster director whose responsibility it is to ensure that the risk is mitigated. Action plans are in place to mitigate the risks identified and embedded within the day-to-day working of the Cluster. The Cluster published information in relation to the Equality Act by 31 January 2013 as required.

The red risk register holds the high operational risks and the financial consequences of the risk are identified where appropriate. These are categorised as 'red' on the 5x5 risk scoring matrix. Again, there is a lead director identified who puts an action plan in place and ensures that the risk is mitigated. The red risk register is reviewed regularly at the Cluster's Transitional Committee (which was established to oversee the transition arrangements put in place to enact the NHS reorganisation resulting from the Health and Social Care Act).

The Cluster was conscious that the year 2012/13 was one of extreme disruption within the management of the NHS. As such, the Transition Committee was instrumental in monitoring the risks associated with the changes. These risks and their mitigation were then reported to each Board meeting. The Audit Committee also reviewed the Cluster's approach to risk and the risk register. The Cluster put into place robust mechanisms to ensure patient safety and quality were not compromised during this period. This included working closely with successor organisations in particular the CCGs to ensure continuity and transfer of corporate memory.

Review of the effectiveness of risk management and internal control

The PCT achieves assurance that risk management activities and systems are being appropriately identified and managed through the following:

- Annual Governance Statement, the Board Assurance Framework and transitional risk register
- The PCT Cluster's progress against its strategic and operational objectives
- Statistical and trend reporting of Incidents, Complaints and Claims to the Board and relevant Committees
- Correlation between incidents/near miss reporting and dates of occurrence
- Receiving assurance from Internal and External Audit that the PCT Cluster's Risk Management Systems are being implemented
- Information Governance Toolkit compliance

This proactive and reactive management of risks means that the PCT Cluster is able to provide a dynamic and continuous quality improvement process for the systematic identification and analysis of all risks. Relevant stakeholders are made aware of the significant risks through the PCT Cluster Board. Significant risks are prioritised according to their high numeric score.

The following sections set out a more detailed assessment of several specific areas.

Audit Committee reports

The Cluster Audit Committee has approved Terms of Reference that are in line with the Audit Committee Handbook, published by the HFMA and Department of Health. Its agenda is largely driven by the handbook with the content and timing of the meetings linked to the requirements of the financial year. The Committee had delegated authority from the Cluster Board to approve the Annual Financial Statements; the draft Annual Report and the annual accounts and report for funds held on trust (Charitable Funds). During 2012-13 it reported after every meeting to the Board. The Cluster audit committee worked very closely with Audit Committees within each Birmingham and Solihull locality. These local audit committees recommended the write-off of losses; ex gratia payments reported to the Cluster Audit Committee. An internal audit review has provided moderate assurance in relation to primary care contractor payment systems in relation to the PCT.

Pension

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

Fraud

The PCT has specific and appropriate arrangements in place to comply with the requirements of the Local Counter Fraud and Security Management Services Directives and the Bribery Act.

Head of Internal Audit Opinion

The HoIA Opinion describes the robustness of the arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work. The opinion concluded that the systems in respect of the Assurance Framework are robust and operate in a good control environment and gives significant assurance with regard to the management of risk in the core financial systems.

The basis for forming this opinion is drawn from an assessment of the design and operation of the underpinning Cluster Assurance Framework and supporting processes together with an assessment of the range of individual opinions arising from risk-based audit assignments including core financial systems.

There were limited instances of concerns being raised about the effectiveness of controls in respect of the PCT's level of compliance in relation to the Information Governance Toolkit, the management, administration and security of IT assets and the transition arrangements for Public health to move to local authorities. In each instance, an action plan was agreed with management to address the issues during the course of the year.

Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide the Accountable Officer with assurance. The Assurance Framework itself provides evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. I am confident that this Annual Governance Statement is a balanced reflection of the actual control position and that where control weaknesses have been identified there is a sufficiently robust plan in place to strengthen the assurance available.

Significant Issues

There were no significant issues during 2012/13. However, it should be noted that the following concerns have been raised towards the end of the financial year regarding the transition of certain systems and processes to NHS England:

- the future maintenance of primary care contract payment systems across Birmingham, Solihull and the Black Country, given the resilience issues reported by Internal Audit in relation to these systems within the Black Country Cluster
- the lack of suitable counter-fraud arrangements within NHS England to conclude open cases that relate to primary care contractors

It is appropriate that both these issues are referenced separately as given the proximity of the issue being raised to the abolition of the PCTs the future management actions necessary to mitigate and/or remove these risks will be transferred to the Birmingham, Black Country and Solihull Area Team on behalf of NHS England.

My review confirms that Birmingham East and North PCT had in place a generally sound system of internal control that supported the achievement of its policies, aims and objectives.

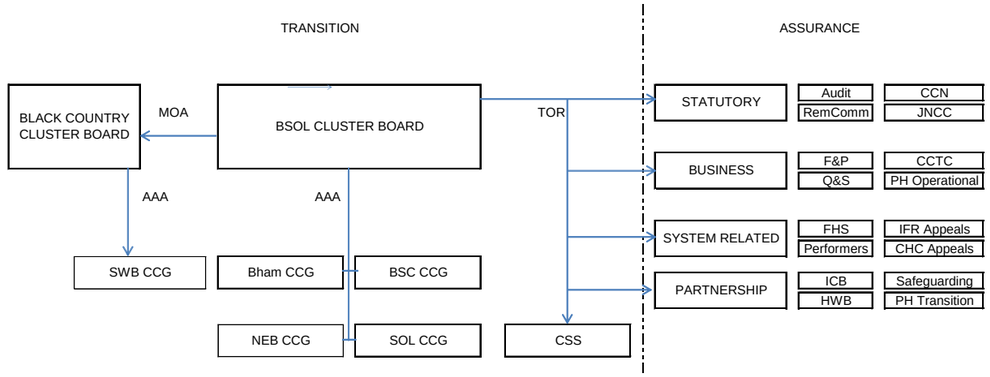
Accountable Officer: Wendy Saviour

Organisation: Birmingham East and North PCT

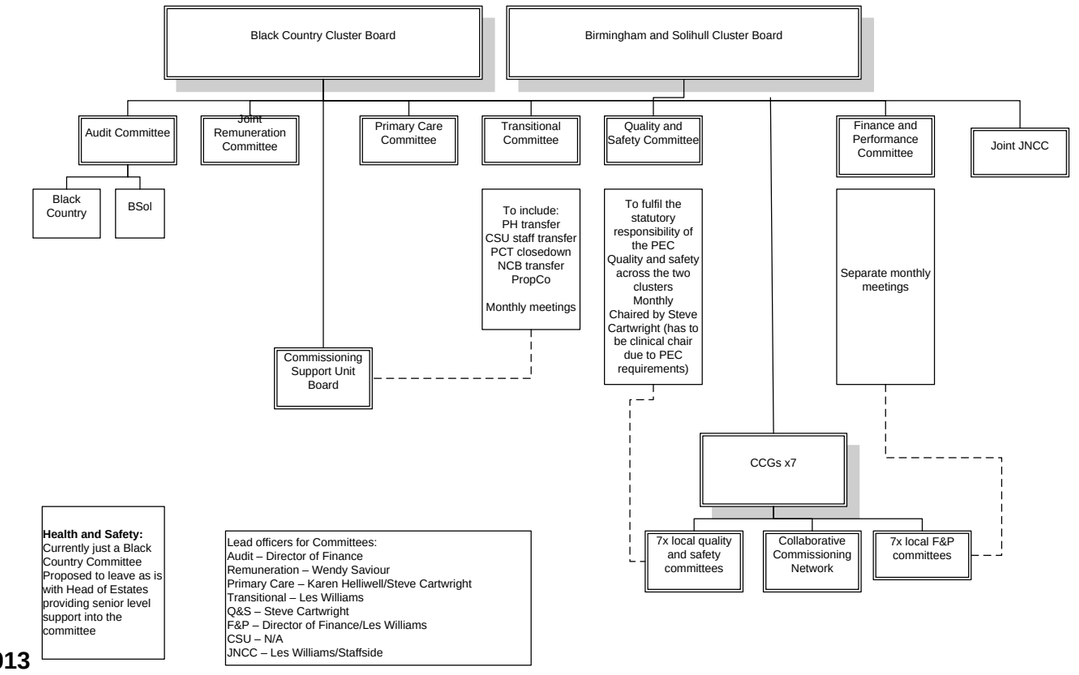
Signature

Date: 20 June 2013

Appendix 1: Board committee structure April – September 2012



Appendix 2: Board committee structure October 2012 – March 2013



Appendix 3: BAF Cluster Board, March 2013

Copy of BAF Cluster Board March 2013.xls

Annual Governance Statement – 2012/13
Heart of Birmingham Primary Care Trust

Scope of responsibility

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

The performance of the PCT is monitored through that of the Birmingham and Solihull PCT Cluster by NHS Midlands and East via their assessment of the PCT is meeting its obligations, as set out in the NHS Operating Framework 2012-13. This is undertaken by the submission of reports, by declarations of compliance and by meetings between NHS Midlands and East and PCT staff. My personal performance is appraised and managed by the Chairman on behalf of the PCT Board.

In 2011-12, the PCT delegated responsibility for the operational delivery of its statutory functions to a joint sub-committee of Birmingham and Solihull PCTs this includes; Birmingham East and North, Heart of Birmingham, Solihull and South Birmingham PCTs. This arrangement has continued throughout the duration of 2012-13 and I have led the transition to a new NHS architecture which includes the formal transfer of a number of PCT statutory functions to new NHS bodies and/or partner local authorities.

As a manifestation of these transitional arrangements, the Birmingham CrossCity, Birmingham South Central and Solihull Clinical Commissioning Groups (CCGs) were set up as a sub-committee of the Cluster Board during 2012/13. This enabled the PCT, through the shadow CCG, to work as an equal partner within the locality partnership arrangements. Senior PCT staff were members of these partnership boards and the work of these partnership boards was presented to each CCG Board. The CCG has a good working relationship with the locality Health and Social Care Scrutiny Panel(s). The CCG continues to work with Local Involvement Networks (LINks) and has been an active partner in the development of the new HealthWatch.

The PCT, through the shadow CCG, has continued the partnership work by being an active member within the Shadow Health and Wellbeing Board. The Cluster has also been directly represented on each of the Shadow Health and Wellbeing Boards in Birmingham and Solihull. The Joint Directors of Public Health have been working with the local authority on the transfer of Public Health in accordance with the Health and Social Care Act 2012.

I have ensured that the PCT, through the joint sub-committee of the Cluster has documented for successor organisations significant areas of work through the Handover Document and the Quality Handover Document. Both these were presented to the final Cluster Board meeting and were formally 'sent' to receiver organisations. I also ensured that any ongoing work associated with open complaints, claims, fraud cases and serious incidents was also officially 'sent' to receiver organisations through the last PCT Board meeting. The Cluster has been working to a closedown plan, overseen by the Transition Committee, accountable to the PCT Board.

The governance framework of the organisation

The governance framework is designed to manage risk to a reasonable level rather than to guarantee the elimination of all risk of failure to achieve aims and objectives; it cannot therefore provide an absolute assurance of effectiveness. The governance framework and systems of internal control is an evolutionary process designed to:

- Identify and prioritise the risks to the delivery of aims and objectives
- Evaluate the likelihood of those risks occurring and the impact should they be realised, and to manage them efficiently, effectively and economically

The system of internal control has been reviewed and amended throughout the 2012-13 year to reflect the nature of the transitional environment and to ensure a robust assurance framework continues to be in place to best support the delivery of key aims.

The Board

For the period April – September 2012 inclusive the PCT was led by a Chief Executive. With effect from 1 October 2012 I was appointed the Accountable Officer and thus the Chief Executive of the PCT together with the other PCTs that made up the Cluster. I received a detailed handover from my predecessor which was documented and presented to the Cluster Board for assurance. The PCT Executive Team also changed on 1 October and I ensured they each received a detailed handover from their outgoing predecessor. The Quality Handover Document was presented to the Board for assurance. The Executive Team and I have been working with the receiver organisations to ensure the safe execution of the Health and Social Care Act 2012.

The Cluster Board (which in turn operated as the PCT Board) had 14 voting members:

- 1 Chair
- 7 Non executives
- 1 Chief Executive
- 1 Nurse Director
- 1 Director of Finance
- 1 Director of Commissioning
- 1 Medical Director
- 1 Director of Public Health

The Joint Directors of Communications, Associate Director Corporate Affairs and a Board Secretary were in regular attendance. There continued to be a Director of Public Health in each PCT, but one represented colleagues at the Cluster Board. The Board also invited a number of co-opted, non-voting Members onto the Board to represent the broad stakeholder interest in the Board agenda.

Board meetings were held in public once every month until September 2012 and then bi-monthly from October 2012 to March 2013. Average attendance for the whole of 2012-13 is 83 per cent.

A review of Board performance against the requirements of the Corporate Governance Code has been completed for the 2012-13 year and I am confident that all relevant requirements have demonstrable evidence available to support a declaration of full compliance.

Board committee structure

The Board committee structure was reviewed on a regular basis throughout 2012-13 to ensure that the Board was appropriately supported in discharging its functions effectively and that the transition to the new NHS architecture was adequately reflected. Each sub-committee has a term of reference which has been approved by the Board and provides a robust framework for the functions and duties of the committee to be discharged in a manner that ensures the main Board retains sufficient oversight of the proper performance of the delegated functions.

The Board committee structure for the period April to September 2012 inclusive is shown at Appendix 1. Following my appointment in October 2012 I reviewed the existing arrangements and implemented a series of changes to consolidate the committee structure and make best use of my Executive Team resource. This is shown at Appendix 2.

Risk assessment

As Accountable Officer, I have overall responsibility for risk management and the arrangements to support this are clearly articulated in the Board Assurance Framework and Risk Management Strategy. Moreover, in October 2012 the Standing Orders, SFI's and the Scheme of Reservation and Delegation were all reviewed and updated across the Cluster. They were approved at both the Cluster Audit Committee and the Cluster Board. To provide assurance to the Board all financial leads across the Cluster were written to and asked to sign to say they had received and disseminated the revised documents as necessary.

The PCT has reviewed the arrangements for delivery of key aspects of internal control mechanisms throughout the year to ensure they remain appropriate and reflective of the transition. This includes Local Security Management Service, compliance with the Health and Safety at Work Act Standards of Business Conduct and developing emergency response plans against regional and national directives.

Newly identified risks; i.e. risks identified in the year 2012/13

The Board Assurance Framework (attached at Appendix 3) is the mechanism by which all strategic level risks are identified, mitigated and reviewed by the Board. All risks contained on this exception report have been newly identified within the 2012/13 year. Risks which are deemed to be borough wide and impact on other stakeholders are addressed through the appropriate partnership working arrangements. Other risks are addressed through other routes for example the emergency planning partnership work. Internal Audit has provided assurances on the operation of the Assurance Framework.

Data Security

Responsibility for Information Governance has been vested in the following colleagues throughout the year:

- Caldicott Guardian – Doug Wulf, Associate Medical Director (April to May)
- Caldicott Guardian – Nick Griggs, Associate Medical Director (May to September)
- Caldicott Guardian - Steven Cartwright, Medical Director (October to March)
- Senior Information Risk Officer – Diane Reeves, Medical Director (April to October)
- Senior Information Risk Officer – Alison Taylor, Director of Finance (November to March)

There has been one breach of data security in year:

- Leak of confidential information – a local newspaper printed an article that included reference to detail contained within confidential organisational reports. On investigation it was determined the information had not been released through any formal organisational process but had been received direct at the newspaper offices. All relevant members of staff and Non-executives were reminded of their responsibility to ensure they handle confidential information in a safe and secure manner.

There is a strong data security culture within the organisation backed up by mandatory training for all staff. Sanctions would be applied if staff wilfully disregarded basic security measures. All laptops and BlackBerries are encrypted and staff can send encrypted e-mails using the ‘confidential’ option on the email system.

Risk and Control Framework

The PCT Risk Management Strategy sets out the role and responsibility of the Chief Executive and other key officers in relation to risk management. The Executive Nurse and Medical Director provide clinical leadership in the clinical governance area and in particular quality and safety within the providers that the PCT commissions from.

The Clinical Executive/Quality and Safety Committee, chaired by the Medical Director with non-executive director attendance, meets monthly and is accountable to the PCT Board. This Committee assures the Board of the management of risk within the Cluster. It monitors the work of the Clinical Quality Review meetings with our main providers and the work of the Care Quality Commission locally (for example its assessments of nursing homes). It also reviews the red risks associated with quality and the serious incident reports. The Audit Committee gives assurance to the Board that risk is being managed appropriately within the Cluster.

The Assurance Framework provides the overall mechanism for the Cluster Board and hence the PCT to manage its strategic risks. It was based upon the Assurance Framework for 2011/12 which was developed by the whole Cluster Board during a facilitated planning event and each of the risks identified has a lead Cluster director whose responsibility it is to ensure that the risk is mitigated.

Action plans are in place to mitigate the risks identified and embedded within the day-to-day working of the Cluster. The Cluster published information in relation to the Equality Act by 31 January 2013 as required.

The red risk register holds the high operational risks and the financial consequences of the risk are identified where appropriate. These are categorised as 'red' on the 5x5 risk scoring matrix. Again, there is a lead director identified who puts an action plan in place and ensures that the risk is mitigated. The red risk register is reviewed regularly at the Cluster's Transitional Committee (which was established to oversee the transition arrangements put in place to enact the NHS reorganisation resulting from the Health and Social Care Act).

The Cluster was conscious that the year 2012/13 was one of extreme disruption within the management of the NHS. As such, the Transition Committee was instrumental in monitoring the risks associated with the changes. These risks and their mitigation were then reported to each Board meeting. The Audit Committee also reviewed the Cluster's approach to risk and the risk register. The Cluster put into place robust mechanisms to ensure patient safety and quality was not compromised during this period. This included working closely with successor organisations in particular the CCGs to ensure continuity and transfer of corporate memory.

Review of the effectiveness of risk management and internal control

The PCT achieves assurance that risk management activities and systems are being appropriately identified and managed through the following:

- Annual Governance Statement, the Board Assurance Framework and transitional risk register
- The PCT Cluster's progress against its strategic and operational objectives
- Statistical and trend reporting of Incidents, complaints and claims to the Board and relevant committees
- Correlation between incidents/near miss reporting and dates of occurrence
- Receiving assurance from Internal and External Audit that the PCT Cluster's Risk Management Systems are being implemented
- Information Governance Toolkit compliance

This proactive and reactive management of risks means that the PCT Cluster is able to provide a dynamic and continuous quality improvement process for the systematic identification and analysis of all risks. Relevant stakeholders are made aware of the significant risks through the PCT Cluster Board. Significant risks are prioritised according to their high numeric score.

The following sections set out a more detailed assessment of several specific areas.

<u>Audit Committee reports</u>

The Cluster Audit Committee has approved Terms of Reference that are in line with the Audit Committee Handbook, published by the HFMA and Department of Health. Its agenda is largely driven by the handbook with the content and timing of the meetings linked to the requirements of the financial year. The Committee had delegated authority from the Cluster Board to approve the Annual Financial Statements; the draft Annual Report and the annual accounts and report for funds held on trust (Charitable Funds). During 2012-13 it reported after every meeting to the Board. The Cluster Audit Committee worked very closely with audit committees within each Black Country locality. These local audit committees recommended the write-off of losses; ex gratia payments reported to the Cluster Audit Committee. An internal audit review has provided moderate assurance in relation to primary care contractor payment systems in relation to the PCT.

<u>Pension</u>

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

<u>Fraud</u>

The PCT has specific and appropriate arrangements in place to comply with the requirements of the Local Counter Fraud and Security Management Services Directives and the Bribery Act.

Head of Internal Audit Opinion

The HoIA Opinion describes the robustness of the arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work. The opinion concluded that the systems in respect of the Assurance Framework are robust and operate in a good control environment and gives significant assurance with regard to the management of risk in the core financial systems.

The basis for forming this opinion is drawn from an assessment of the design and operation of the underpinning Cluster Assurance Framework and supporting processes together with an assessment of the range of individual opinions arising from risk-based audit assignments including core financial systems.

There were limited instances of concerns being raised about the effectiveness of controls in respect of the PCTs level of compliance in relation to the Information Governance Toolkit, the management, administration and security of IT assets and the transition arrangements for Public Health to move to local authorities. In each instance, an action plan was agreed with management to address the issues during the course of the year.

Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide the Accountable Officer with assurance. The Assurance Framework itself provides evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. I am confident that this Annual Governance Statement is a balanced reflection of the actual control position and that where control weaknesses have been identified there is a sufficiently robust plan in place to strengthen the assurance available.

Significant Issues

There were no significant issues during 2012/13.

However, it should be noted that the following concerns have been raised towards the end of the financial year regarding the transition of certain systems and processes to NHS England:

- the future maintenance of primary care contract payment systems across Birmingham, Solihull and the Black Country, given the resilience issues reported by Internal Audit in relation to these systems within the Black Country Cluster

- the lack of suitable counter-fraud arrangements within NHS England to conclude open cases that relate to primary care contractors

It is appropriate that both these issues are referenced separately as given the proximity of the issue being raised to the abolition of the PCTs the future management actions necessary to mitigate and/or remove these risks will be transferred to the Birmingham, Black Country and Solihull Area Team on behalf of NHS England.

My review confirms that Heart of Birmingham PCT had in place a generally sound system of internal control that supported the achievement of its policies, aims and objectives.

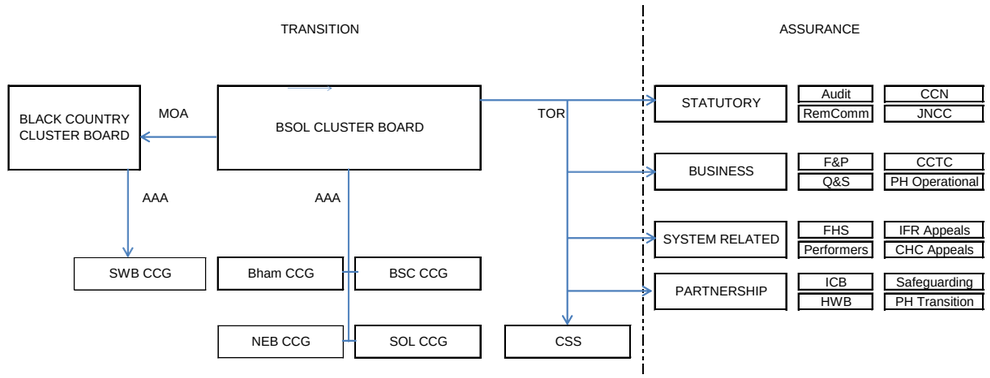
Accountable Officer: Wendy Saviour

Organisation: Heart of Birmingham PCT

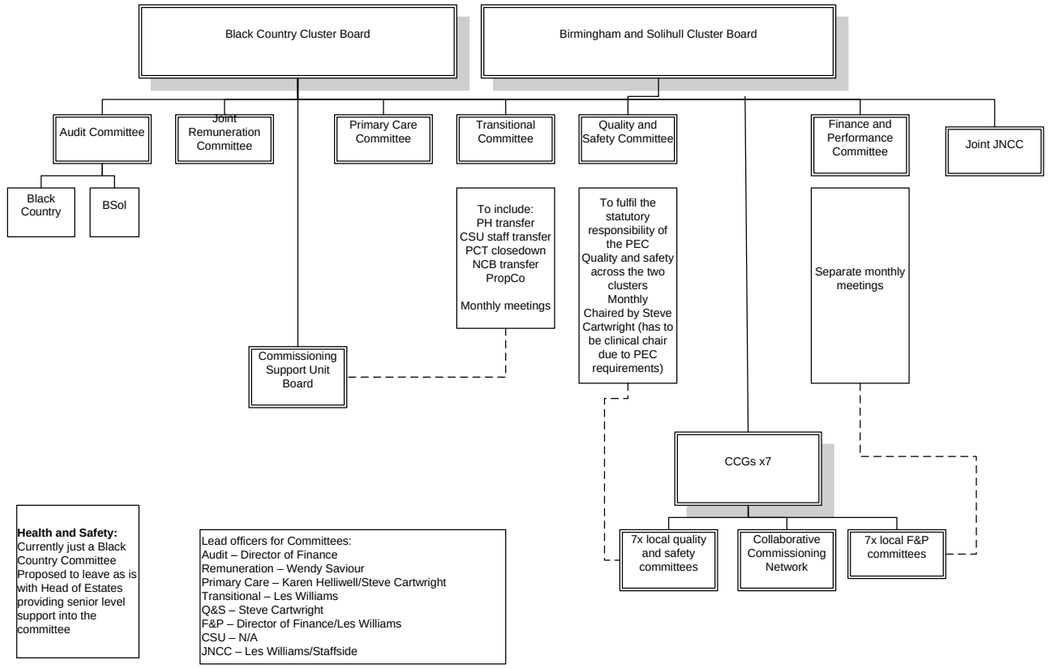
Signature

Date: 20 June 2013

Appendix 1: Board committee structure April – September 2012



Appendix 2: Board committee structure October 2012 – March 2013



Appendix 3: BAF Cluster Board, March 2013

Copy of BAF Cluster Board March 2013.xls

Annual Governance Statement – 2012/13
Solihull Primary Care Trust

Scope of responsibility

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

The performance of the PCT is monitored through that of the Birmingham and Solihull PCT Cluster by NHS Midlands and East via their assessment of the PCT is meeting its obligations, as set out in the NHS Operating Framework 2012/13. This is undertaken by the submission of reports, by declarations of compliance and by meetings between NHS Midlands and East and PCT staff. My personal performance is appraised and managed by the Chairman on behalf of the PCT Board.

In 2011-12, the PCT delegated responsibility for the operational delivery of its statutory functions to a joint sub-committee of Birmingham and Solihull PCTs this includes; Birmingham East and North, Heart of Birmingham, Solihull and South Birmingham PCTs. This arrangement has continued throughout the duration of 2012-13 and I have led the transition to a new NHS architecture which includes the formal transfer of a number of PCT statutory functions to new NHS bodies and/or partner local authorities.

As a manifestation of these transitional arrangements, the Birmingham CrossCity, Birmingham South Central and Solihull Clinical Commissioning Groups (CCGs) were set up as a sub-committee of the Cluster Board during 2012/13. This enabled the PCT, through the shadow CCG, to work as an equal partner within the locality partnership arrangements. Senior PCT staff were members of these partnership boards and the work of these partnership boards was presented to each CCG Board. The CCG has a good working relationship with the locality Health and Social Care Scrutiny Panel(s). The CCG continues to work with Local Involvement Networks (LINks) and has been an active partner in the development of the new HealthWatch.

The PCT, through the shadow CCG, has continued the partnership work by being an active member within the Shadow Health and Wellbeing Board. The Cluster has also been directly represented on each of the Shadow Health and Wellbeing Boards in Birmingham and Solihull. The Joint Directors of Public Health have been working with the local authority on the transfer of Public Health in accordance with the Health and Social Care Act.

I have ensured that the PCT, through the joint sub-committee of the Cluster has documented for successor organisations significant areas of work through the Handover Document and the Quality Handover Document. Both these were presented to the final Cluster Board meeting and were formally 'sent' to receiver organisations. I also ensured that any ongoing work associated with open complaints, claims, fraud cases and serious incidents was also officially 'sent' to receiver organisations through the last PCT Board meeting. The Cluster has been working to a closedown plan, overseen by the Transition Committee, accountable to the PCT Board.

The governance framework of the organisation

The governance framework is designed to manage risk to a reasonable level rather than to guarantee the elimination of all risk of failure to achieve aims and objectives; it cannot therefore provide an absolute assurance of effectiveness. The governance framework and systems of internal control is an evolutionary process designed to:

- Identify and prioritise the risks to the delivery of aims and objectives
- Evaluate the likelihood of those risks occurring and the impact should they be realised, and to manage them efficiently, effectively and economically

The system of internal control has been reviewed and amended throughout the 2012-13 year to reflect the nature of the transitional environment and to ensure a robust assurance framework continues to be in place to best support the delivery of key aims.

<u>The Board</u>

For the period April – September 2012 inclusive the PCT was led by a Chief Executive. With effect from 1 October 2012 I was appointed the Accountable Officer and thus the Chief Executive of the PCT together with the other PCTs that made up the Cluster. I received a detailed handover from my predecessor which was documented and presented to the Cluster Board for assurance. The PCT Executive Team also changed on 1 October and I ensured they each received a detailed handover from their outgoing predecessor. The Quality Handover Document was presented to the Board for assurance. The Executive Team and I have been working with the receiver organisations to ensure the safe execution of the Health and Social Care Act 2012.

The Cluster Board (which in turn operated as the PCT Board) had 14 voting members:

- 1 Chair
- 7 Non executives
- 1 Chief Executive
- 1 Nurse Director
- 1 Director of Finance
- 1 Director of Commissioning
- 1 Medical Director
- 1 Director of Public Health

The Joint Directors of Communications, Associate Director Corporate Affairs and a Board Secretary were in regular attendance. There continued to be a Director of Public Health in each PCT, but one represented colleagues at the Cluster Board. The Board also invited a number of co-opted, non-voting Members onto the Board to represent the broad stakeholder interest in the Board agenda.

Board meetings were held in public once every month until September 2012 and then bi-monthly from October 2012 to March 2013. Average attendance for the whole of 2012-13 is 83 per cent.

A review of Board performance against the requirements of the Corporate Governance Code has been completed for the 2012-13 year and I am confident that all relevant requirements have demonstrable evidence available to support a declaration of full compliance.

Board committee structure

The Board committee structure was reviewed on a regular basis throughout 2012-13 to ensure that the Board was appropriately supported in discharging its functions effectively and that the transition to the new NHS architecture was adequately reflected. Each sub-committee has a term of reference, which has been approved by the Board and provides a robust framework for the functions and duties of the committee to be discharged in a manner that ensures the main Board retains sufficient oversight of the proper performance of the delegated functions.

The Board committee structure for the period April to September 2012 inclusive is shown at Appendix 1. Following my appointment in October 2012 I reviewed the existing arrangements and implemented a series of changes to consolidate the committee structure and make best use of my Executive Team resource. This is shown at Appendix 2.

Risk assessment

As Accountable Officer, I have overall responsibility for risk management and the arrangements to support this are clearly articulated in the Board Assurance Framework and Risk Management Strategy. Moreover, in October 2012 the Standing Orders, SFI's and the Scheme of Reservation and Delegation were all reviewed and updated across the Cluster. They were approved at both the Cluster Audit Committee and the Cluster Board. To provide assurance to the Board all financial leads across the Cluster were written to and asked to sign to say they had received and disseminated the revised documents as necessary.

The PCT has reviewed the arrangements for delivery of key aspects of internal control mechanisms throughout the year to ensure they remain appropriate and reflective of the transition. This includes Local Security Management Service, compliance with the Health and Safety at Work Act Standards of Business Conduct and developing emergency response plans against regional and national directives.

Newly identified risks; i.e. risks identified in the year 2012/13

The Board Assurance Framework (attached at Appendix 3) is the mechanism by which all strategic level risks are identified, mitigated and reviewed by the Board. All risks contained on this exception report have been newly identified within the 2012/13 year. Risks that are deemed to be borough wide and impact on other stakeholders are addressed through the appropriate partnership working arrangements Other risks are addressed through other routes for example the emergency planning partnership work. Internal Audit has provided assurances on the operation of the Assurance Framework.

Data Security

Responsibility for Information Governance has been vested in the following colleagues throughout the year:

- Caldicott Guardian – Doug Wulf, Associate Medical Director (April to May)
- Caldicott Guardian – Nick Griggs, Associate Medical Director (May to September)
- Caldicott Guardian - Steven Cartwright, Medical Director (October to March)
- Senior Information Risk Officer – Diane Reeves, Medical Director (April to October)
- Senior Information Risk Officer – Alison Taylor, Director of Finance (November to March)

There have been no breaches of data security in year.

There is a strong data security culture within the organisation backed up by mandatory training for all staff. Sanctions would be applied if staff wilfully disregarded basic security measures. All laptops and BlackBerries are encrypted and staff can send encrypted emails using the 'confidential' option on the email system.

Risk and Control Framework

The PCT Risk Management Strategy sets out the role and responsibility of the Chief Executive and other key officers in relation to risk management. The Executive Nurse and Medical Director provide clinical leadership in the clinical governance area and in particular quality and safety within the providers that the PCT commissions from.

The Clinical Executive/Quality and Safety Committee, chaired by the Medical Director with non-executive director attendance, meets monthly and is accountable to the PCT Board. This Committee assures the Board of the management of risk within the Cluster. It monitors the work of the Clinical Quality Review meetings with our main providers and the work of the Care Quality Commission locally (for example its assessments of nursing homes). It also reviews the red risks associated with quality and the serious incident reports. The Audit Committee gives assurance to the Board that risk is being managed appropriately within the Cluster.

The Assurance Framework provides the overall mechanism for the Cluster Board and hence the PCT to manage its strategic risks. It was based upon the Assurance Framework for 2011/12 which was developed by the whole Cluster Board during a facilitated planning event and each of the risks identified has a lead Cluster director whose responsibility it is to ensure that the risk is mitigated. Action plans are in place to mitigate the risks identified and embedded within the day-to-day working of the Cluster. The Cluster published information in relation to the Equality Act by 31 January 2013 as required.

The red risk register holds the high operational risks and the financial consequences of the risk are identified where appropriate. These are categorised as 'red' on the 5x5 risk scoring matrix. Again, there is a lead director identified who puts an action plan in place and ensures that the risk is mitigated. The red risk register is reviewed regularly at the Cluster's Transitional Committee (which was established to oversee the transition arrangements put in place to enact the NHS reorganisation resulting from the Health and Social Care Act).

The Cluster was conscious that the year 2012-13 was one of extreme disruption within the management of the NHS. As such, the Transition Committee was instrumental in monitoring the risks associated with the changes. These risks and their mitigation were then reported to each Board meeting. The Audit Committee also reviewed the Cluster's approach to risk and the risk register. The Cluster put into place robust mechanisms to ensure patient safety and quality were not compromised during this period. This included working closely with successor organisations in particular the CCGs to ensure continuity and transfer of corporate memory.

Review of the effectiveness of risk management and internal control

The PCT achieves assurance that risk management activities and systems are being appropriately identified and managed through the following:

- Annual Governance Statement, the Board Assurance Framework and transitional risk register
- The PCT Cluster's progress against its strategic and operational objectives
- Statistical and trend reporting of Incidents, complaints and claims to the Board and relevant committees
- Correlation between incidents/near miss reporting and dates of occurrence
- Receiving assurance from Internal and External Audit that the PCT Cluster's Risk Management Systems are being implemented
- Information Governance Toolkit compliance

This proactive and reactive management of risks means that the PCT Cluster is able to provide a dynamic and continuous quality improvement process for the systematic identification and analysis of all risks. Relevant stakeholders are made aware of the significant risks through the PCT Cluster Board. Significant risks are prioritised according to their high numeric score.

The following sections set out a more detailed assessment of several specific areas.

<u>Audit Committee reports</u>

The Cluster Audit Committee has approved Terms of Reference that are in line with the Audit Committee Handbook, published by the HFMA and Department of Health. Its agenda is largely driven by the handbook with the content and timing of the meetings linked to the requirements of the financial year. The Committee had delegated authority from the Cluster Board to approve the Annual Financial Statements; the draft Annual Report and the annual accounts and report for funds held on trust (Charitable Funds). During 2012-13 it reported after every meeting to the Board. The Cluster Audit Committee worked very closely with audit committees within each Birmingham and Solihull locality. These local audit committees recommended the write-off of losses; ex gratia payments reported to the Cluster Audit Committee. An internal audit review has provided moderate assurance in relation to primary care contractor payment systems in relation to the PCT.

<u>Pension</u>

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

<u>Fraud</u>

The PCT has specific and appropriate arrangements in place to comply with the requirements of the Local Counter Fraud and Security Management Services Directives and the Bribery Act.

<u>Head of Internal Audit Opinion</u>

The HoIA Opinion describes the robustness of the arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work. The opinion concluded that the systems in respect of the Assurance Framework are robust and operate in a good control environment and gives significant assurance with regard to the management of risk in the core financial systems.

The basis for forming this opinion is drawn from an assessment of the design and operation of the underpinning Cluster Assurance Framework and supporting processes together with an assessment of the range of individual opinions arising from risk-based audit assignments including core financial systems.

There were limited instances of concerns being raised about the effectiveness of controls in respect of the PCT's level of compliance in relation to the Information Governance Toolkit, the management, administration and security of IT assets and the transition arrangements for Public Health to move to local authorities. In each instance, an action plan was agreed with management to address the issues during the course of the year.

Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide the Accountable Officer with assurance. The Assurance Framework itself provides evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. I am confident that this Annual Governance Statement is a balanced reflection of the actual control position and that where control weaknesses have been identified there is a sufficiently robust plan in place to strengthen the assurance available.

Significant Issues

There were no significant issues during 2012/13.

However, it should be noted that the following concerns have been raised towards the end of the financial year regarding the transition of certain systems and processes to NHS England:

- the future maintenance of primary care contract payment systems across Birmingham, Solihull and the Black Country, given the resilience issues reported by Internal Audit in relation to these systems within the Black Country Cluster
- the lack of suitable counter-fraud arrangements within NHS England to conclude open cases that relate to primary care contractors.

It is appropriate that both these issues are referenced separately as given the proximity of the issue being raised to the abolition of the PCTs the future management actions necessary to mitigate and/or remove these risks will be transferred to the Birmingham, Black Country and Solihull Area Team on behalf of NHS England.

My review confirms that Solihull PCT had in place a generally sound system of internal control that supported the achievement of its policies, aims and objectives.

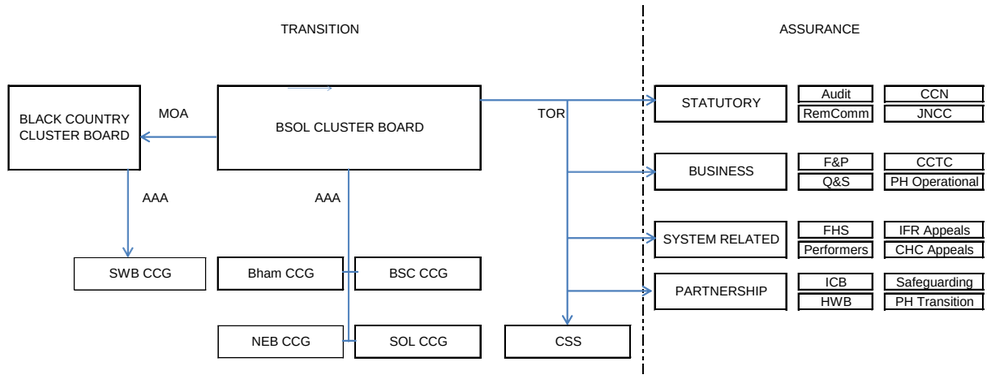
Accountable Officer: Wendy Saviour

Organisation: Solihull PCT

Signature

Date: 20 June 2013

Appendix 1: Board committee structure April – September 2012



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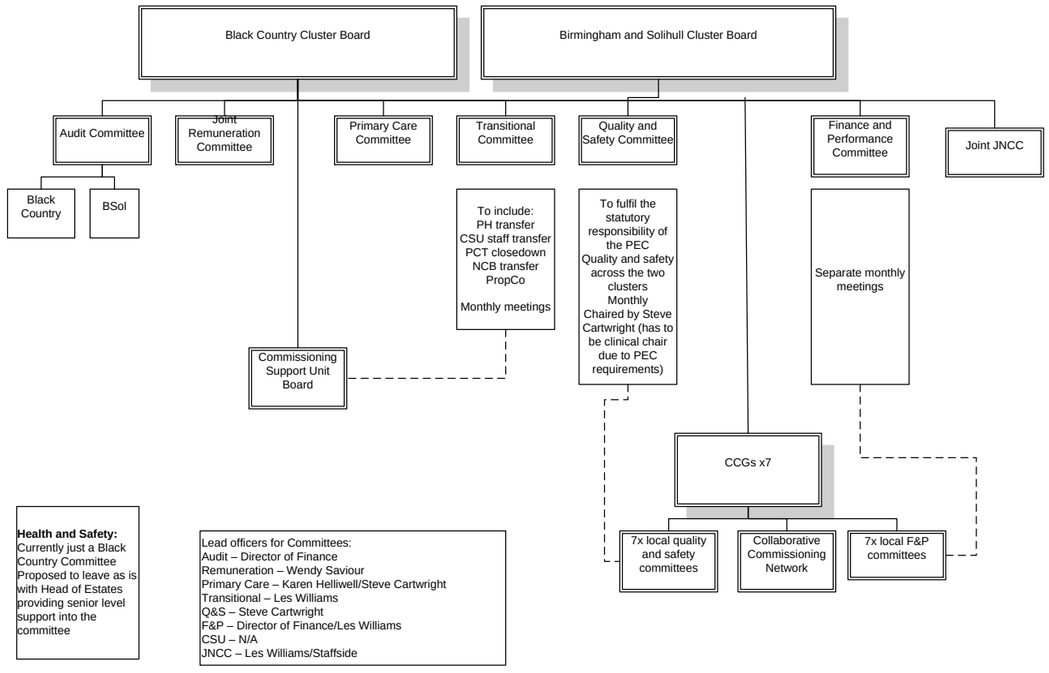

Appendix 3: BAF Cluster Board, March 2013

Copy of BAF Cluster Board March 2013.xls

Annual Governance Statement – 2012/13
South Birmingham Primary Care Trust

Scope of responsibility

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

The performance of the PCT is monitored through that of the Birmingham and Solihull PCT Cluster by NHS Midlands and East via their assessment of the PCT is meeting its obligations, as set out in the NHS Operating Framework 2012-13. This is undertaken by the submission of reports, by declarations of compliance and by meetings between NHS Midlands and East and PCT staff. My personal performance is appraised and managed by the Chairman on behalf of the PCT Board.

In 2011-12, the PCT delegated responsibility for the operational delivery of its statutory functions to a joint sub-committee of Birmingham and Solihull PCTs this includes; Birmingham East and North, Heart of Birmingham, Solihull and South Birmingham PCTs. This arrangement has continued throughout the duration of 2012-13 and I have led the transition to a new NHS architecture which includes the formal transfer of a number of PCT statutory functions to new NHS bodies and/or partner local authorities.

As a manifestation of these transitional arrangements, the Birmingham Cross City, Birmingham South Central and Solihull Clinical Commissioning Groups (CCGs) were set up as a sub-committee of the Cluster Board during 2012-13. This enabled the PCT, through the shadow CCG, to work as an equal partner within the locality partnership arrangements. Senior PCT staff were members of these partnership boards and the work of these partnership boards was presented to each CCG Board. The CCG has a good working relationship with the locality Health and Social Care Scrutiny Panel(s). The CCG continues to work with Local Involvement Networks (LINks) and has been an active partner in the development of the new HealthWatch.

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I have ensured that the PCT, through the joint sub-committee of the Cluster has documented for successor organisations significant areas of work through the Handover Document and the Quality Handover Document. Both these were presented to the final Cluster Board meeting and were formally 'sent' to receiver organisations. I also ensured that any ongoing work associated with open complaints, claims, fraud cases and serious incidents was also officially 'sent' to receiver organisations through the last PCT Board meeting. The Cluster has been working to a closedown plan, overseen by the Transition Committee, accountable to the PCT Board.

The governance framework of the organisation

The governance framework is designed to manage risk to a reasonable level rather than to guarantee the elimination of all risk of failure to achieve aims and objectives; it cannot therefore provide an absolute assurance of effectiveness. The governance framework and systems of internal control is an evolutionary process designed to:

- Identify and prioritise the risks to the delivery of aims and objectives
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The system of internal control has been reviewed and amended throughout the 2012/13 year to reflect the nature of the transitional environment and to ensure a robust assurance framework continues to be in place to best support the delivery of key aims.

<u>The Board</u>

For the period April – September 2012 inclusive the PCT was led by a Chief Executive. With effect from 1 October 2012 I was appointed the Accountable Officer and thus the Chief Executive of the PCT together with the other PCTs that made up the Cluster. I received a detailed handover from my predecessor which was documented and presented to the Cluster Board for assurance. The PCT Executive Team also changed on 1 October and I ensured they each received a detailed handover from their outgoing predecessor. The Quality Handover Document was presented to the Board for assurance. The Executive Team and I have been working with the receiver organisations to ensure the safe execution of the Health and Social Care Act 2012.

The Cluster Board (which in turn operated as the PCT Board) had 14 voting members:

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Board committee structure

The Board committee structure was reviewed on a regular basis throughout 2012/13 to ensure that the Board was appropriately supported in discharging its functions effectively and that the transition to the new NHS architecture was adequately reflected. Each sub-committee has a term of reference, which has been approved by the Board and provides a robust framework for the functions and duties of the committee to be discharged in a manner that ensures the main Board retains sufficient oversight of the proper performance of the delegated functions.

The Board committee structure for the period April to September 2012 inclusive is shown at Appendix 1. Following my appointment in October 2012 I reviewed the existing arrangements and implemented a series of changes to consolidate the committee structure and make best use of my Executive Team resource. This is shown at Appendix 2.

Risk assessment

As Accountable Officer, I have overall responsibility for risk management and the arrangements to support this are clearly articulated in the Board Assurance Framework and Risk Management Strategy. Moreover, in October 2012 the Standing Orders, SFI's and the Scheme of Reservation and Delegation were all reviewed and updated across the Cluster. They were approved at both the Cluster Audit Committee and the Cluster Board. To provide assurance to the Board all financial leads across the Cluster were written to and asked to sign to say they had received and disseminated the revised documents as necessary.

The PCT has reviewed the arrangements for delivery of key aspects of internal control mechanisms throughout the year to ensure they remain appropriate and reflective of the transition. This includes Local Security Management Service, compliance with the Health and Safety at Work Act Standards of Business Conduct and developing emergency response plans against regional and national directives.

Newly identified risks; i.e. risks identified in the year 2012/13

The Board Assurance Framework (attached at Appendix 3) is the mechanism by which all strategic level risks are identified, mitigated and reviewed by the Board. All risks contained on this exception report have been newly identified within the 2012/13 year. Risks that are deemed to be borough wide and impact on other stakeholders are addressed through the appropriate partnership working arrangements. Other risks are addressed through other routes for example the emergency planning partnership work. Internal Audit has provided assurances on the operation of the Assurance Framework.

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- Senior Information Risk Officer – Diane Reeves, Medical Director (April to October)
- Senior Information Risk Officer – Alison Taylor, Director of Finance (November to March)

There has been one breach of data security in year:

- Data security breach – the agreed process for release of patient level data was not followed resulting in an inappropriate release of information. A root cause analysis was completed and concluded that there was insufficient awareness of the process to be followed in the circumstances of this incident. Training has been provided and systems and processes revised to prevent a further occurrence.

There is a strong data security culture within the organisation backed up by mandatory training for all staff. Sanctions would be applied if staff wilfully disregarded basic security measures. All laptops and BlackBerries are encrypted and staff can send encrypted emails using the 'confidential' option on the email system.

Risk and Control Framework

The PCT Risk Management Strategy sets out the role and responsibility of the Chief Executive and other key officers in relation to risk management. The Executive Nurse and Medical Director provide clinical leadership in the clinical governance area and in particular quality and safety within the providers that the PCT commissions from.

The Clinical Executive/Quality and Safety Committee, chaired by the Medical Director with non-executive director attendance, meets monthly and is accountable to the PCT Board. This Committee assures the Board of the management of risk within the Cluster. It monitors the work of the Clinical Quality Review meetings with our main providers and the work of the Care Quality Commission locally (for example its assessments of nursing homes). It also reviews the red risks associated with quality and the serious incident reports. The Audit Committee gives assurance to the Board that risk is being managed appropriately within the Cluster.

The Assurance Framework provides the overall mechanism for the Cluster Board and hence the PCT to manage its strategic risks. It was based upon the Assurance Framework for 2011-12 which was developed by the whole Cluster Board during a facilitated planning event and each of the risks identified has a lead Cluster director whose responsibility it is to ensure that the risk is mitigated. Action plans are in place to mitigate the risks identified and embedded within the day-to-day working of the Cluster. The Cluster published information in relation to the Equality Act by 31 January 2013 as required.

The red risk register holds the high operational risks and the financial consequences of the risk are identified where appropriate. These are categorised as 'red' on the 5x5 risk scoring matrix. Again, there is a lead director identified who puts an action plan in place and ensures that the risk is mitigated. The red risk register is reviewed regularly at the Cluster's Transitional Committee (which was established to oversee the transition arrangements put in place to enact the NHS reorganisation resulting from the Health and Social Care Act).

The Cluster was conscious that the year 2012-13 was one of extreme disruption within the management of the NHS. As such, the Transition Committee was instrumental in monitoring the risks associated with the changes. These risks and their mitigation were then reported to each Board meeting. The Audit Committee also reviewed the Cluster's approach to risk and the risk register. The

Cluster put into place robust mechanisms to ensure patient safety and quality were not compromised during this period. This included working closely with successor organisations in particular the CCGs to ensure continuity and transfer of corporate memory.

Review of the effectiveness of risk management and internal control

The PCT achieves assurance that risk management activities and systems are being appropriately identified and managed through the following:

- Annual Governance Statement, the Board Assurance Framework and transitional risk register
- The PCT Cluster's progress against its strategic and operational objectives
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This proactive and reactive management of risks means that the PCT Cluster is able to provide a dynamic and continuous quality improvement process for the systematic identification and analysis of all risks. Relevant stakeholders are made aware of the significant risks through the PCT Cluster Board. Significant risks are prioritised according to their high numeric score.

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Pension

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

Fraud

The PCT has specific and appropriate arrangements in place to comply with the requirements of the Local Counter Fraud and Security Management Services Directives and the Bribery Act.

Head of Internal Audit Opinion

The HoIA Opinion describes the robustness of the arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work. The opinion concluded that the systems in respect of the Assurance Framework are robust and operate in a good control environment and gives significant assurance with regard to the management of risk in the core financial systems.

The basis for forming this opinion is drawn from an assessment of the design and operation of the underpinning Cluster Assurance Framework and supporting processes together with an assessment of the range of individual opinions arising from risk-based audit assignments including core financial systems.

There were limited instances of concerns being raised about the effectiveness of controls in respect of the PCTs level of compliance in relation to the Information Governance Toolkit, the management, administration and security of IT assets and the transition arrangements for public health to move to local authorities. In each instance, an action plan was agreed with management to address the issues during the course of the year.

Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide the Accountable Officer with assurance. The Assurance Framework itself provides evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. I am confident that this Annual Governance Statement is a balanced reflection of the actual control position and that where control weaknesses have been identified there is a sufficiently robust plan in place to strengthen the assurance available.

Significant Issues

There were no significant issues during 2012-13.

However, it should be noted that the following concerns have been raised towards the end of the financial year regarding the transition of certain systems and processes to NHS England:

- the future maintenance of primary care contract payment systems across Birmingham, Solihull and the Black Country, given the resilience issues reported by Internal Audit in relation to these systems within the Black Country Cluster
- the lack of suitable counter-fraud arrangements within NHS England to conclude open cases that relate to primary care contractors

It is appropriate that both these issues are referenced separately as given the proximity of the issue being raised to the abolition of the PCTs the future management actions necessary to mitigate and/or remove these risks will be transferred to the Birmingham, Black Country and Solihull Area Team on behalf of NHS England.

My review confirms that South Birmingham PCT had in place a generally sound system of internal control that supported the achievement of its policies, aims and objectives.

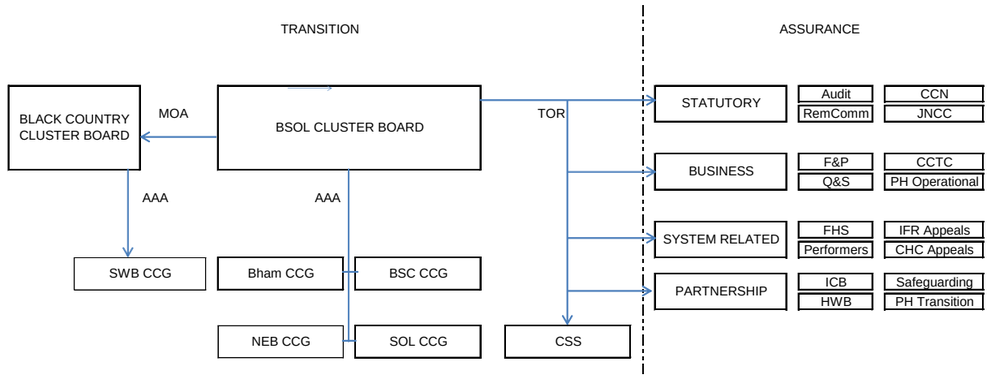
Accountable Officer: Wendy Saviour

Organisation: South Birmingham PCT

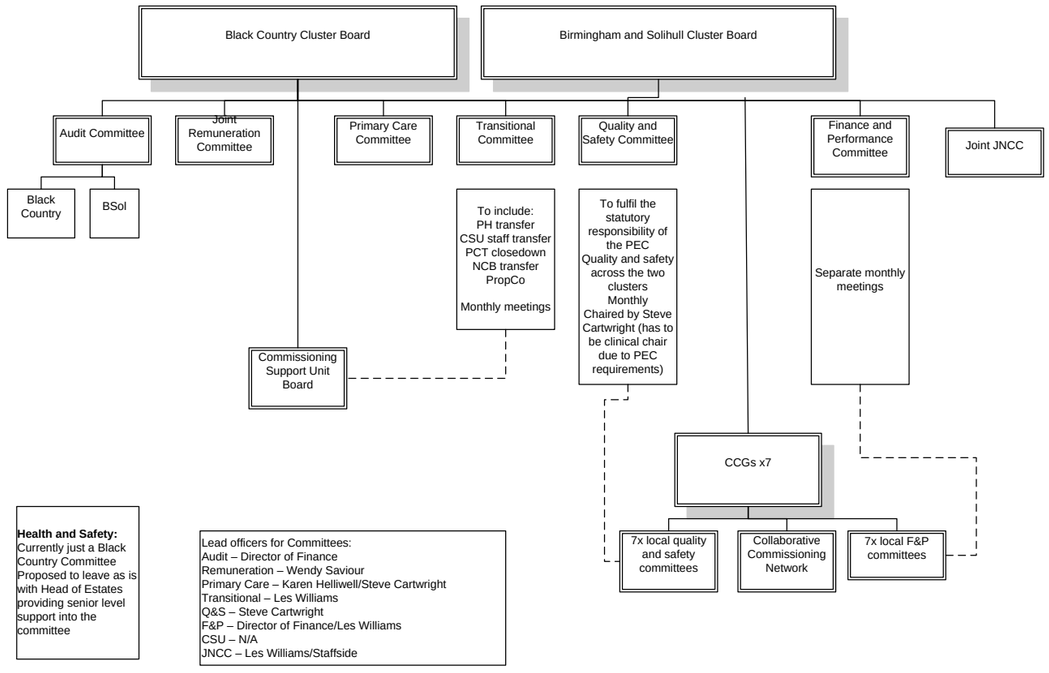
Signature

Date: 20 June 2013

Appendix 1: Board committee structure April – September 2012



Appendix 2: Board committee structure October 2012 – March 2013



Ref	Strategic Objectives	Principal Risk	Date Added	Risk Owner	Inherent Risk (L X I= R)			Key Controls	Assurances on Controls		Positive Assurances	Gaps in Control	Gaps in Assurance	Residual Risk (L X I= R)			Action Plan	Review Date	Future destinations
									Management	Independent									
	Principal Objective	*Brief description*	*Date of first inclusion in BAF*	*Reporter*	L	I	R	*What controls/systems are in place to ensure delivery of objective*	*Where we can gain evidence that our controls are effective from management*	*Where we can gain evidence that our controls are effective independently*	*Evidence that we are reasonably managing our risks & objectives are being delivered*	*Where are we failing to put controls in place or make them effective*	*Where are we failing to gain evidence that our controls are effective*	L	I	R	*Actions being taken to further mitigate risk*		
BAF01	3	The risk that over performance in acute services contracts undermines the financial plan	28/07/11	DoF	3	5	15	Financial monitoring and contract management, QIPP delivery plans, agreement of recovery plans	Financial monitoring reports, actions arising from contract meetings, performance information from CBSA, audit reporting	IA review of financial management arrangements Feb 12, EA review of financial resilience in March/April 12 as part of VFM opinion	Integrated Finance & Performance report to Cluster Board, F&P cttee and QIPP cttee - mthly wef June 2012.	No significant gaps identified	No significant gaps identified	3	4	12	-	31/12/2012	Increased confidence that statutory financial duties will be achieved
BAF14	3	The risk that the Cluster is unable to achieve its statutory financial targets	22/12/2011	DoF	3	5	15	Financial management systems including monitoring of in year and forecast outturn position	Financial management reports to Cluster Board and Finance & Performance Cttee	IA review of financial management (FM) arrangements Feb 12, EA review of financial resilience in March/April 12 as part of VFM opinion	Integrated Finance & Performance report to Cluster Board, F&P cttee and QIPP cttee - mthly wef June 2012.	No significant gaps identified	Confirmation of totality of QIPP plans to cover QIPP targets.	3	5	15	Continued focus on development of QIPP plans to support financial sustainability	31/12/2012	Increased confidence that statutory financial duties will be achieved
BAF02	3	The risk that QIPP schemes do not generate the anticipated financial return	28/07/11	DoD	3	5	15	Programmes/projects rigorously assessed before implementation, PMO arrangements introduced for co-ordinating and monitoring delivery, contract management for schemes in 2012/13 contracts, agreement of recovery plans. Development of QIPP plans and development of QIPP assurance KPIs.	Financial monitoring reports, PMO reports, actions arising from contract meetings, performance information from CBSA, audit reporting. SFIs for CCG delegated limits agreed and Gateway process in place to facilitate CCG governance to approve viable QIPP. Ongoing PMO risk reporting in place. Implementation of an IT programme management tool which will support higher levels of assurance validation.	IA review of QIPP in March 12. EA review of financial resilience in March/April 12 as part of VFM opinion. Internal Audit completed April 2012 found significant assurance - SHA transformational milestones return monthly which assesses QIPP impact.	Integrated Finance & Performance report to Cluster Board, F&P cttee and QIPP cttee - mthly wef June 2012	No significant gaps identified	Confirmation of totality of QIPP plans to cover QIPP targets.	3	5	15	Continued implementation of QIPP delivery plans, review of schemes not delivering outcomes. CEO and PMO review meetings with CCGs re prioritising QIPP delivery.	31/12/2012	-
BAF04	11	Risk that transition to new arrangements leads to loss of key staff and skills, dilution of focus on service delivery and/or strategic objectives	28/07/11	DoHR	4	4	16	Turnover monitored monthly by SMT, HR and OD committee and now also included within workforce KPIs incorporated into the integrated performance report.	Reports to SMT, Board and HR sub-committee. PMO approach adopted to management of all consultation activity	SHA Annual Accountability Review	CCG reports to BSOL Board from June 2012 include updates on recruitment. CSU report to BSOL Board wef September 2012 includes update on recruitment. Development of CSU SLA with LAT supports PCT delivery to 31st march 2013	No significant gaps identified	No significant gaps identified	3	4	12	HR from both 'Sender'and 'Receiving Organisations' continue to facilitate the population of new structures	31/12/2012	None
BAF05	3	Risk that Cluster does not deliver the required level of disinvestment	28/07/11	MD	4	4	16	Disinvestment strategy, PMO arrangements, Financial monitoring, contract monitoring	Reports to Board, F&P and QIPP committees	IA review of QIPP in March 2012	Disinvestment process approved by Board June 2011, progress reports to subsequent Boards. Impact on bottom line included within the Integrated Corporate Business Report to BSOL Board	No significant gaps identified	No significant gaps identified	4	4	16	Active implementation of Disinvestment Plan	31/12/2012	None
BAF07	12	Risk that there is insufficient engagement with partners and stakeholders to determine future arrangements for integrated health and social care model in Solihull	28/07/11	DoCD	3	5	15	Cluster Board, Solihull HWB Board, Shadow Solihull Health Board (CCG), Shadow Solihull Board (CCG). Solihull Joint Commissioning Board	Updated to Board and Commissioning Transition Cttee Solihull Joint Commissioning Board (CCG and LA)	SHA RAG rated Integrated Plan 'Green' SMBC	Accountable Care Partnership report recommendations accepted at Cluster Board in September 2011. ACP update presented to Cluster Board 22.12.11. Joint Commissioning established and ToR approved. ACP paper to Solihull CCG June 2012. Update on ACP to be included in Solihull CCG report to BSOL board November 2012	No significant gaps identified	No significant gaps identified	3	4	12	ACP report planned update to November 2012 Board to be included in Solihull CCG report.	31/12/2012	Solihull CCG
BAF08	9	Development of clinical commissioning groups is insufficient to provide assurance to the Board on effectiveness of new arrangements and risks failing authorisation process	28/07/11	DoCD	3	5	15	Consortia development programme, self assessment, Commissioning Plan, delegation arrangements. CB/CCG Bd B2B process. AAA	Reports to Board, Commissioning Transition cttee, Lay Advisor appointments alignment to consortia. CCG reports to CB on delivery of delegated functions	Review of Accountability Agreement by IA in Jan 12. Further IA work on CCG development scheduled for during 2012/13. Feedback from CCG authorisation site visits now being received by those in early Waves and is being actively reviewed	Pre-existing PCT delegation arrangements with consortia, Commissioning updates to Board wef July 2011, lay advisor appointments confirmed, Delegation process confirmed by SMT including CCG Chairs. IA reported positively on Accountability Agreement. Accountability Agreement agreed by Audit Committee 09.01.2012. AAAs now signed between CEO and CCG CHairs . CCG reports to CB on delivery of delegated functions	No significant gaps identified	No significant gaps identified	3	4	12	CCGs to progress with formal application where included in Wave 3 / 4. CCGs in Wave 1 /2 actively considering feedback from authorisation site visits.	31/12/2012	None

Ref	Strategic Objectives	Principal Risk	Date Added	Risk Owner	Inherent Risk (L X I= R)			Key Controls	Assurances on Controls		Positive Assurances	Gaps in Control	Gaps in Assurance	Residual Risk (L X I= R)			Action Plan	Review Date	Future destinations
									Management	Independent									
	Principal Objective	*Brief description*	*Date of first inclusion in BAF*	*Reporter*	L	I	R	*What controls/systems are in place to ensure delivery of objective*	*Where we can gain evidence that our controls are effective from management*	*Where we can gain evidence that our controls are effective independently*	*Evidence that we are reasonably managing our risks & objectives are being delivered*	*Where are we failing to put controls in place or make them effective*	*Where are we failing to gain evidence that our controls are effective*	L	I	R	*Actions being taken to further mitigate risk*		
BAF15	1	Risk of non delivery of required performance levels in key priority areas (Stroke, DTOC, Access)	22/12/2011	DoD	3	4	12	Contract Monitoring meetings, performance reviews and reports to Board and sub-committees, SHA assurance meetings (moved), Cluster visits to Providers	Reports to Cluster Board, Finance & Performance Cttee, submissions to SHA	SHA assurance meetings	Performance reports to Cluster Board and F&P cttee (as part of integrated corporate business report) wef July 2011, SHA quarterly finance & performance reviews. Report to Cluster Board November 2012 as part of CEO report.	No significant gaps identified	No significant gaps identified	3	4	12	Continue to actively monitor performance to identify adverse variance at earliest opportunity and develop recovery plans as required	31/12/2012	All CCGs
BAF17	1	Transition to the new system architecture may lead to a fragmentation of Children's Services	22/12/2011	DQN	3	4	12	Cluster Board, Sub-committees (CCN & Q&S), Children's Safeguarding Board	Reports/Outcome on Inspections/Safeguarding Reviews to Cluster Board and sub-committees and Children's Safeguarding Board. Children's Summit held 13/06/12.	Ofsted review into Children's Services in Birmingham identified a number of recommendations to be pursued	Report to CCN sub-committee 30/11/11 re future arrangements for Children's Services in Birmingham and Solihull. Adults Safeguarding report 29.03.12. Children's Summitt held 13/06/2012. Annual Safeguarding reports to Cluster Board 28.06.12. BSC CCG update report to BSOL Board November 2012	No significant gaps identified	No significant gaps identified	3	4	12	BSC CCG identified as host for Children's Services across BSOL CCGs and an update is due to be included in the BSC CCG update report to November Board	31/12/2012	South Central CCG
BAF26	7	CSS does not deliver support needed by CCGs	30/08/2012	DoCD	3	4	12	Cluster Board, sub-committees (CCTC) Officer group meetings between reps from CCG/CSS. AAA	Reports on CSS preparedness to Cluster Board, CCG reports to Cluster Board on delivery of delegated functions	CSS checkpoint process	Routine reports to Cluster Board and its sub-committees wef April 12. Specifc reports to CCTC wef April 12. AAA's signed and in place. CSU update report to BSOL Board wef August 2012	SLAs between CCGs and CSS - expected to be signed 30/11/12	SLAs between CCGs and CSS - expected to be signed 30/11/12	3	4	12	SLAs between CCGs and CSS - expected to be signed 30/11/12	31/12/2012	CSU
BAF28	5	Increased likelihood of IG failures	30/08/2012	MD	3	4	12	Cluster Board, Sub-committees (Audit, IG Group), PCT Closedown Group	Cluster Board (Private Session), Audit Committee minutes, IG Risk Register	Information Commissioner Officer Reviews during 2011/12 and 2012/13	Routine reports to Cluster Board (Private Session) and sub-committees wef April 12. IG Steering Group minutes and risk register. IG Transition plan summarised in PCT Closedown Plan. IG will be hosted by CSU with all 4 BSOL CCGs buying service. Head of Service appointed.	Information Asset Register needs to be completed	Information Asset Register needs to be completed	3	4	12	To complete Information Asset Register.	31/12/2012	All organisations

Department of Health

NHS

Birmingham East and North Primary Care Trust

2012-13 Accounts

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Birmingham East and North Primary Care Trust

2012-13 Accounts

Foreword to the Accounts

Birmingham East & North Primary Care Trust

These accounts for the year ended 31st March 2013 have been prepared by the Birmingham East & North Primary Care Trust under section 232 (Schedule 15, 3(1)) of the National Health Service Act 2006 in the form which the Secretary of State has, with the approval of the Treasury, directed.

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: WENDY SAVIOUR

Date....05/06/2013

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.

05/06/2013 Date ..... Signing Officer

05/06/2013 Date ..... Finance Signing Officer

INDEPENDENT AUDITOR'S REPORT TO THE DEPARTMENT OF HEALTH'S ACCOUNTING OFFICER IN RESPECT OF BIRMINGHAM EAST AND NORTH PRIMARY CARE TRUST

We have audited the financial statements of Birmingham East and North PCT 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. 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 that is subject to audit, being:

- the table of salaries and allowances of senior managers within the columns labelled 'Salary paid by South Birmingham PCT' and related narrative notes within the section 'Pensions and Remuneration Report'
- the table of pension benefits of senior managers and related narrative notes within the section 'Pensions and Remuneration Report'; and
- the table headed 'Remuneration of the highest paid individual' and related narrative notes specifically identified as relating to South Birmingham PCT within the section 'Pensions and Remuneration Report'.

This report is made solely to the Department of Health's accounting officer in respect of Birmingham East and North PCT 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 Department of Health's accounting officer and the Trust as a body, for our audit work, for this report, or for opinions we have formed.

Respective responsibilities of the signing officer, finance signing officer and auditor

As explained more fully in the Statement of Responsibilities, 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 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 Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trust; and 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 Birmingham East and North PCT 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 a reason to believe that the Trust, or an officer of the 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.

Other matters on which we are required to conclude

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice 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 and, having regard to the guidance issued by the Audit Commission, we have considered the results of the following:

· our review of the annual governance statement; and

· our detailed risk assessment.

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

Certificate

We certify that we have completed the audit of the financial statements of Birmingham East and North PCT in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

John Gregory
Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP

Colmore Plaza, 20 Colmore Circus, Birmingham B4 6AT

8 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	**19,819**	29,843
Other costs	5.1	**1,801,644**	1,802,083
Income	4	**(1,014,747)**	(1,043,197)
Net operating costs before interest		**806,716**	788,729
Investment income	9	**0**	(108)
Other (Gains)/Losses	10	**150**	9
Finance costs	11	**2,560**	2,295
Net operating costs for the financial year		**809,426**	790,925
Transfers by absorption -(gains)		**0**	
Transfers by absorption - losses		**0**	
Net (gain)/loss on transfers by absorption		**0**	
Net Operating Costs for the Financial Year including absorption transfers		**809,426**	**790,925**
Of which:			
Administration Costs			
Gross employee benefits	7.1	**18,655**	23,439
Other costs	5.1	**21,525**	26,859
Income	4	**(16,350)**	(24,651)
Net administration costs before interest		**23,830**	**25,647**
Investment income	9	**0**	(108)
Other (Gains)/Losses	10	**150**	9
Finance costs	11	**2,454**	2,223
Net administration costs for the financial year		**26,434**	**27,771**
Programme Expenditure			
Gross employee benefits	7.1	**1,164**	6,404
Other costs	5.1	**1,780,119**	1,775,224
Income	4	**(998,397)**	(1,018,546)
Net programme expenditure before interest		**782,886**	**763,082**
Investment income	9	**0**	0
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**106**	72
Net programme expenditure for the financial year		**782,992**	**763,154**

Other Comprehensive Net Expenditure	2012-13 £000	2011-12 £000
Impairments and reversals put to the Revaluation Reserve	**547**	0
Net (gain) on revaluation of property, plant & equipment	**(3,828)**	(2,449)
Net (gain) on revaluation of intangibles	**0**	0
Net (gain) on revaluation of financial assets	**0**	(181)
Net (gain)/loss on other reserves	**0**	0
Net (gain)/loss on available for sale financial assets	**0**	0
Net (gain) /loss on Assets Held for Sale	**0**	
Release of Reserves to Statement of Comprehensive Net Expenditure	**0**	
Net actuarial (gain)/loss on pension schemes	**0**	0
Reclassification Adjustments		
Reclassification adjustment on disposal of available for sale financial assets	**0**	0
Total comprehensive net expenditure for the year*	**806,145**	**788,295**

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	**54,306**	53,877
Intangible assets	13	**160**	0
investment property	15	**0**	0
Other financial assets	21	**1,186**	1,186
Trade and other receivables	19	**0**	0
Total non-current assets		**55,652**	55,063
Current assets:			
Inventories	18	**0**	0
Trade and other receivables	19	**18,596**	21,114
Other financial assets	36	**0**	0
Other current assets	22	**0**	0
Cash and cash equivalents	23	**2,502**	2
Total current assets		**21,098**	21,116
Non-current assets held for sale	24	**0**	0
Total current assets		**21,098**	21,116
Total assets		**76,750**	76,179
Current liabilities			
Trade and other payables	25	**(72,801)**	(75,805)
Other liabilities	26,28	**0**	0
Provisions	32	**(2,547)**	(1,211)
Borrowings	27	**(753)**	(753)
Other financial liabilities	36.2	**0**	0
Total current liabilities		**(76,101)**	(77,769)
Non-current assets plus/less net current assets/liabilities		**649**	(1,590)
Non-current liabilities			
Trade and other payables	25	0	0
Other Liabilities	28	0	0
Provisions	32	(5,871)	(9,387)
Borrowings	27	(30,477)	(31,230)
Other financial liabilities	36.2	0	0
Total non-current liabilities		**(36,348)**	(40,617)
Total Assets Employed:		**(35,699)**	(42,207)
Financed by taxpayers' equity:			
General fund		(43,487)	(46,714)
Revaluation reserve		7,788	4,507
Other reserves		0	0
Total taxpayers' equity:		**(35,699)**	(42,207)

The notes on pages 5 to 15 form part of this account.

The financial statements on pages 1 to 46 were approved by the Board on 5th June 2013 and signed on its behalf by

Chief Executive: W Davies Date: 05.06.2013

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	**(46,714)**	**4,507**	**0**	**(42,207)**
Changes in taxpayers' equity for 2012-13				
Net operating cost for the year	(809,426)			**(809,426)**
Net gain on revaluation of property, plant, equipment		3,828		**3,828**
Net gain on revaluation of intangible assets		0		**0**
Net gain on revaluation of financial assets		0		**0**
Net gain on revaluation of assets held for sale		0		**0**
Impairments and reversals		(547)		**(547)**
Movements in other reserves			0	**0**
Transfers between reserves*	0	0		**0**
Release of Reserves to SOCNE		0		**0**
Reclassification Adjustments				
Transfers between Revaluation Reserve & General Fund in respect of assets transferred under absorption	0	0		**0**
Net actuarial gain/(loss) on pensions	0		0	**0**
Total recognised income and expense for 2012-13	**(809,426)**	**3,281**	**0**	**(806,145)**
Net Parliamentary funding	812,653			**812,653**
Balance at 31 March 2013	**(43,487)**	**7,788**	**0**	**(35,699)**
Balance at 1 April 2011	**(38,300)**	**1914**	**0**	**(36,386)**
Changes in taxpayers' equity for 2011-12				
Net operating cost for the year	(790,925)			(790,925)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment		2,449		2,449
Net Gain / (loss) on Revaluation of Intangible Assets		0		0
Net Gain / (loss) on Revaluation of Financial Assets		181		181
Net Gain / (loss) on Assets Held for Sale		0		0
Impairments and Reversals		0		0
Movements in other reserves			0	0
Transfers between reserves*	37	(37)		0
Release of Reserves to Statement of Comprehensive Net Expenditure		0		0
Reclassification Adjustments				
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	0	0	0
On disposal of available for sale financial assets	0	0	0	0
Net actuarial gain/(loss) on pensions	0		0	0
Total recognised income and expense for 2011-12	(790,888)	2,593	0	(788,295)
Net Parliamentary funding	782,474			782,474
Balance at 31 March 2012	**(46,714)**	**4,507**	**0**	**(42,207)**

Statement of cash flows for the year ended 31 March 2013

	NOTE	2012-13 £000	2011-12 £000
Cash Flows from Operating Activities			
Net Operating Cost Before Interest		**(806,716)**	(788,729)
Depreciation and Amortisation		**2,415**	2,057
Impairments and Reversals		**98**	(266)
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		**(2,454)**	(2,223)
Release of PFI/deferred credit		**0**	0
(Increase)/Decrease in Inventories		**0**	0
(Increase)/Decrease in Trade and Other Receivables		**2,518**	(8,709)
(Increase)/Decrease in Other Current Assets		**0**	0
Increase/(Decrease) in Trade and Other Payables		**(3,194)**	11,783
(Increase)/Decrease in Other Current Liabilities		**0**	0
Provisions Utilised		**(5,435)**	(791)
Increase/(Decrease) in Provisions		**3,149**	7,074
Net Cash Inflow/(Outflow) from Operating Activities		**(809,619)**	**(779,804)**
Cash flows from investing activities			
Interest Received		**0**	108
(Payments) for Property, Plant and Equipment		**(531)**	(2,160)
(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)		**750**	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**	2
Rental Revenue		**0**	0
Net Cash Inflow/(Outflow) from Investing Activities		**219**	**(2,050)**
Net cash inflow/(outflow) before financing		**(809,400)**	**(781,854)**
Cash flows from financing activities			
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		**(753)**	(638)
Net Parliamentary Funding		**812,653**	782,474
Capital Receipts Surrendered		**0**	0
Capital grants and other capital receipts		**0**	0
Cash Transferred (to)/from Other NHS Bodies (free text note required)		**0**	0
Net Cash Inflow/(Outflow) from Financing Activities		**811,900**	**781,836**
Net increase/(decrease) in cash and cash equivalents		**2,500**	**(18)**
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		**2**	**20**
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies		**0**	0
Cash and Cash Equivalents (and Bank Overdraft) at year end		**2,502**	**2**

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 PCTs 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.

1. Accounting for NHS LIFT Schemes
The accounting treatment is dependent upon the expectation that the PCT will or will not exercise an option to purchase at the end of the lease period. PCT management view is that it is highly unlikely that the PCT will exercise this option to purchase, and consequently asset values have been based on the present value of minimum lease payments rather than Modern Equivalent Asset (MEA) valuations.

2. Valuation of PCT Premises
The PCT has agreed to use the District Valuer to inform its premises valuations.

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. Key sources of estimation uncertainty. There are considered to be no sources of estimation uncertainty that are likely to have a material effect on the PCT in future periods. Estimations have been made in respect of a number of accruals; these accruals have been calculated based on the best available information at the time, and on historic experience, principally in respect of certain elements of prescribing, dental and acute hospital contracts, and in establishing provisions.

2. In relation to liabilities for continuing healthcare claims, the amount of the provision has been calculated based on estimations of a sample of the claims received which have been used to ascribe claims to different categories reflecting the likelihood of payments to be made. The provision is then calculated by applying percentages to each category of claims using an average cost per week and per claim. We are satisfied that this method gives a fair estimate of the liability and that reasonable variations in the assumptions made do not have a material impact in the context of the accounts as a whole.

Going Concern

Under the provisions of *The Health and Social Care Act 2012 (Commencement No.4. Transitional, Savings and Transitory Provisions) Order 2013, Birmingham East & North* PCT was dissolved on 1st April 2013. The PCT's functions, assets and liabilities transferred to other public sector entities as outlined in Note 42.1 *Events after the Reporting Period*. Where reconfigurations of this nature take place within the public sector, Government accounting requires that the activities concerned are to be considered as continuing operations, and so the closing entity prepares accounts on a "going concern" basis.

The SOFP has therefore been drawn up at 31 March 2013 on the same basis as in previous years, reporting balances on the same basis as would a continuing entity. In particular, there has been no general revaluation of assets or liabilities, and no disclosures have been made under IFRS 5 Non-current Assets Held for Sale and Discontinued Operation.

1. Accounting policies (continued)

1.2 Revenue and Funding

The main source of funding for the Primary Care Trust is allocations (Parliamentary Funding) from the Department of Health within an approved cash limit, which is credited to the General Fund of the Primary Care Trust. 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 Primary Care Trust. 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 Care Trust Designation

Birmingham East and North Primary Care Trust is not a Primary Care Trust that is designated by the Secretary of State under s45 of the Health and Social Care Act 2001 as a Care Trust.

1.4 Pooled budgets

1. The BEN PCT has a pooled budget arrangement with Birmingham City Council, under the flexibilities allowed under S.31 of the Health Act 1999. The pooled budget is for provision of a joint equipment store.

The pool is hosted by Birmingham Primary Care Trust. 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.

2. Birmingham East and North PCT has a pooled budget arrangement with South Birmingham and Heart of Birmingham PCTs, established under S75 of the NHS Act 2006. The pooled budget is for commisisoning of mental health services.

The pool is hosted by BEN 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.

3. Birmingham East and North PCT has a pooled budget arrangement with Birmingham City Council.The arrangements are led by BEN PCT on behalf of the Birmingham PCTs, and established under S75 of the NHS Act 2006. The pooled budget is for commisisoning of learning disability services.

The pool is hosted by Birmingham City Council. 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.

1.5 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.

1.6 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

1. Accounting policies (continued)

1.7 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.

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. Accounting policies (continued)

1.8 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 demonstrated:

- 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.

1.9 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

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. Accounting policies (continued)

1.10 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.

1.11 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.

1.12 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.

1.13 Inventories

The PCT does not normally hold material inventories.

1.14 Cash and cash equivalents

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

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

1.15 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).

1.16 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. Accounting policies (continued)

1.17 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, except for bonuses earned but not yet taken which, like leave earned but not yet taken is not accrued for at the year end, on the grounds of immateriality.

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.

1.18 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.

1.19 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.

1.20 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.

1.21 EU Emissions Trading Scheme

The PCT did not participate in the EU Emission Trading Scheme.

1.22 Part Completed Spells

The PCT is required to account for the impact of partially completed spells of inpatient activity which recognises expenditure in respect of patients still receiving treatment at the end of the accounting period but not yet charged to the PCT. The expenditure is accrued on the basis of data provided by the PCTs main provider hospitals.

1. Accounting policies (continued)

1.23 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.

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

1.23 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

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.

1.25 Foreign exchange

The PCT does not deal in Foreign Exchange Transactions

1.26 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% (2.35% 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. Accounting policies (continued)

1.27 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

Financial assets at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Net Expenditure. The net gain or loss incorporates any interest earned on the financial asset.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the

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

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

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.

1. Accounting policies (continued)

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.

Financial liabilities at fair value through profit and loss
Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Net Expenditure. The net gain or loss incorporates any interest earned on the financial asset.

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.

1.28 NHS LIFT transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes (including NHS LIFT) 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. The PCT therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:
a) Payment for the fair value of services received;
b) Payment for the PFI asset, including finance costs; and
c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

a) Services received
The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

b) LIFT assets, liabilities, and finance costs

LIFT assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at the present value of the minimum lease payments in accordance with the principles of IAS 17. Subsequently, the assets are measured at the minimum lease payment value, which is kept up to date in accordance with the PCT's approach for each relevant class of asset in accordance with the principles of IAS 16.

A LIFT liability is recognised at the same time as the assets are recognised. It is measured initially at thr present value of the minimum lease payments and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Net Expenditure.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Net Expenditure.

1. Accounting policies (continued)

c) Lifecycle replacement
Components of the asset replaced by the operator during the contract ('lifecycle replacement') are charged in year ot operating costs.

Assets contributed by the PCT to the operator for use in the scheme
Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the PCT's Statement of Comprehensive Net Expenditure.

Other assets contributed by the PCT to the operator
Assets contributed (e.g. cash payments, surplus property) by the PCT to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the PCT, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

1. Accounting policies (continued)

1.28 Accounting Standards that have been issued but have not yet been 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 19 (Revised 2011) Employee Benefits
IAS 27 Separate Financial Statements - subject to consultation
IAS 28 Investments in Associates and Joint Ventures - subject to consultation
IAS 32 Financial Instruments: Presentation
IFRS 7 Financial Instruments: Disclosures
IFRS 9 Financial Instruments - subject to consultation - 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
IPSAS 32 - Service Concession Arrangement - subject to consultation

2 Operating segments

a) West Midland Specialised Commissioning

The PCT hosts the West Midlands Specialised Commissioning Team. To finance this subscriptions are received from all the PCTs in the region. Under the guidance this constitues one customer.

	WMSC		**PCT Commissioning**		**Total**	
	2012-13	2011-12	**2012-13**	2011-12	**2012-13**	2011-12
	£000	£000	**£000**	£000	**£000**	£000
Expenditure	**918,675**	942,922	**908,668**	891,308	**1,827,343**	1,834,230
Surplus/(Deficit)						
Segment surplus/(deficit)	**0**	0	**4,533**	240	**4,533**	240
Net Assets:						
Segment net assets	**(5,969)**	(3,715)	**(29,354)**	(38,492)	**(35,323)**	(42,207)

3. Financial Performance Targets

3.1 Revenue Resource Limit

	2012-13 £000	2011-12 £000
The PCTs' performance for the year ended 2012-13 is as follows:		
Total Net Operating Cost for the Financial Year		790,925
Net operating cost plus (gain)/loss on transfers by absorption	**809,426**	
Adjusted for prior period adjustments in respect of errors	**0**	0
Revenue Resource Limit	**813,965**	791,165
Under/(Over)spend Against Revenue Resource Limit (RRL)	4,539	240

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	**394**	18,123
Charge to Capital Resource Limit	**(179)**	16,463
(Over)/Underspend Against CRL	**573**	**1,660**

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**	2,282
Provider Operating Revenue	**0**	(279)
Net Provider Operating Costs	**0**	2,003
Costs Met Within PCTs Own Allocation	**0**	(2,080)
Under/(Over) Recovery of Costs	**0**	(77)

The PCT divested all of it's provider functions during 2011.12 and therefore has no costs during 2012.13

3.4 Under/(Over)spend against cash limit

	2012-13 £000	2011-12 £000
Total Charge to Cash Limit	**812,653**	782,474
Cash Limit	**812,653**	782,474
Under/(Over)spend Against Cash Limit	**0**	**0**

3.5 Reconciliation of Cash Drawings to Parliamentary Funding (current year)

	2012-13 £000	2011-12 £000
Total cash received from DH (Gross)	711,966	681,282
Less: Trade Income from DH	0	0
Less/(Plus): movement in DH working balances	0	0
Sub total: net advances	**711,966**	**681,282**
(Less)/plus: transfers (to)/from other resource account bodies (free text note required)	0	0
Plus: cost of Dentistry Schemes (central charge to cash limits)	16,697	16,598
Plus: drugs reimbursement (central charge to cash limits)	83,990	84,594
Parliamentary funding credited to General Fund	**812,653**	**782,474**

4 Miscellaneous Revenue

	2012-13 Total	2012-13 Admin	2012-13 Programme	2011-12
	£000	£000	£000	£000
Fees and Charges	**0**	0	0	0
Dental Charge income from Contractor-Led GDS & PDS	**4,390**		4,390	4,188
Dental Charge income from Trust-Led GDS & PDS	**0**		0	0
Prescription Charge income	**3,760**		3,760	3,647
Strategic Health Authorities	**932**	0	932	3,595
NHS Trusts	**8,706**	7,868	838	10,277
NHS Foundation Trusts	**574**	190	384	441
Primary Care Trusts Contributions to DATs	**0**		0	0
Primary Care Trusts - Other	**308**	88	220	24,475
Primary Care Trusts - Lead Commissioning	**984,411**	5,128	979,283	985,140
English RAB Special Health Authorities	**0**	0	0	0
NDPBs and Others (CGA)	**0**	0	0	0
Department of Health - SMPTB	**0**	0	0	0
Department of Health - Other	**20**	20	0	0
Recoveries in respect of employee benefits	**153**	153	0	0
Local Authorities	**1,101**	1,101	0	2,032
Patient Transport Services	**0**		0	0
Education, Training and Research	**8,573**	2	8,571	8,236
Non-NHS: Private Patients	**0**		0	0
Non-NHS: Overseas Patients (Non-Reciprocal)	**0**		0	0
NHS Injury Costs Recovery	**0**		0	0
Other Non-NHS Patient Care Services	**0**	0	0	0
Charitable and Other Contributions to Expenditure	**0**		0	55
Receipt of donated assets	**0**		0	0
Receipt of Government granted assets	**0**		0	0
Rental revemue from finance leases	**0**	0	0	0
Rental reenue from operating leases	**0**	0	0	0
Other revenue	**1,819**	1,800	19	1,111
Total miscellaneous revenue	**1,014,747**	**16,350**	**998,397**	**1,043,197**

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	**16,436**		16,436	11,579
Non-Healthcare	**502**	502	0	145
Total	**16,938**	**502**	**16,436**	**11,724**
Goods and Services from Other NHS Bodies other than FTs				
Goods and services from NHS Trusts	**473,513**	0	473,513	568,132
Goods and services (other, excl Trusts, FT and PCT))	**1,250**	151	1,099	191
Total	**474,763**	**151**	**474,612**	**568,323**
Goods and Services from Foundation Trusts	**897,660**	38	897,622	800,879
Purchase of Healthcare from Non-NHS bodies	**204,743**		204,743	206,923
Social Care from Independent Providers	**0**		0	0
Expenditure on Drugs Action Teams	**0**		0	0
Non-GMS Services from GPs	**0**	0	0	59
Contractor Led GDS & PDS (excluding employee benefits)	**20,519**		20,519	21,469
Salaried Trust-Led PDS & PCT DS (excluding employee benefits)	**0**		0	0
Chair, Non-executive Directors & PEC remuneration	**74**	74	0	69
Executive committee members costs	**1,558**	1,558	0	274
Consultancy Services	**463**	162	301	860
Prescribing Costs	**70,965**		70,965	74,864
G/PMS, APMS and PCTMS (excluding employee benefits)	**60,165**	0	60,165	58,980
Pharmaceutical Services	**288**		288	0
Local Pharmaceutical Services Pilots	**0**		0	0
New Pharmacy Contract	**17,204**		17,204	17,925
General Ophthalmic Services	**5,556**		5,556	5,115
Supplies and Services - Clinical	**3,444**	1,033	2,411	4,492
Supplies and Services - General	**1,051**	999	52	6,008
Establishment	**3,008**	2,936	72	2,335
Transport	**444**	441	3	384
Premises	**9,864**	9,738	126	9,712
Impairments & Reversals of Property, plant and equipment	**98**	0	98	(266)
Impairments and Reversals of non-current assets held for sale	**0**	0	0	0
Depreciation	**2,415**	2,415	0	2,057
Amortisation	**0**	0	0	0
Impairment & Reversals Intangible non-current assets	**0**	0	0	0
Impairment and Reversals of Financial Assets	**0**	0	0	0
Impairment of Receivables	**0**	0	0	0
Inventory write offs	**0**	0	0	0
Research and Development Expenditure	**0**	0	0	0
Audit Fees	**274**	274	0	255
Other Auditors Remuneration	**72**	72	0	0
Clinical Negligence Costs	**282**	0	282	86
Education and Training	**8,797**	138	8,659	8,027
Grants for capital purposes	**0**	0	0	0
Grants for revenue purposes	**0**	0	0	0
Impairments and reversals for investment properties	**0**	0	0	0
Other	**999**	994	5	1,529
Total Operating costs charged to Statement of Comprehensive Net Expenditure	**1,801,644**	**21,525**	**1,780,119**	**1,802,083**
Employee Benefits (excluding capitalised costs)				
Employee Benefits associated with PCTMS	**0**	0	0	0
Trust led PDS and PCT DS	**0**	0	0	0
PCT Officer Board Members	**90**	90	0	373
Other Employee Benefits	**19,729**	18,565	1,164	29,470
Total Employee Benefits charged to SOCNE	**19,819**	**18,655**	**1,164**	**29,843**
Total Operating Costs	**1,821,463**	**40,180**	**1,781,283**	**1,831,926**
Analysis of grants reported in total operating costs				
For capital purposes				
Grants to fund Capital Projects - GMS	**0**	0	0	0
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	**0**	0	0	0
Grants to Fund Capital Projects - Other	**0**	0	0	0
Total Capital Grants	**0**	**0**	**0**	**0**
Grants to fund revenue expenditure				
To Local Authorities	**0**	0	0	0
To Private Sector	**0**	0	0	0
To Other	**0**	0	0	0
Total Revenue Grants	**0**	**0**	**0**	**0**
Total Grants	**0**	**0**	**0**	**0**

	Total	Commissioning Services	Public Health
PCT Running Costs 2012-13			
Running costs (£000s)	**26,434**	24,239	2,195
Weighted population (number in units)*	**442,985**	442,985	442,985
Running costs per head of population (£ per head)	**60**	**55**	**5**
PCT Running Costs 2011-12			
Running costs (£000s)	**28,053**	25,648	2,405
Weighted population (number in units)	**442,985**	442,985	442,985
Running costs per head of population (£ per head)	**63**	**58**	**5**

* 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	60,165	58,980
Prescribing costs	70,965	74,864
Contractor led GDS & PDS	20,519	21,469
Trust led GDS & PDS	0	0
General Ophthalmic Services	5,556	5,115
Department of Health Initiative Funding	0	0
Pharmaceutical services	288	0
Local Pharmaceutical Services Pilots	0	0
New Pharmacy Contract	17,204	17,925
Non-GMS Services from GPs	0	59
Other	0	0
Total Primary Healthcare purchased	**174,697**	178,412
Purchase of Secondary Healthcare		
Learning Difficulties	11,892	12,156
Mental Illness	79,375	78,522
Maternity	21,467	22,349
General and Acute	355,788	348,576
Accident and emergency	23,767	14,012
Community Health Services	124,419	113,470
Other Contractual	8	0
Total Secondary Healthcare Purchased	**616,716**	589,085
Grant Funding		
Grants for capital purposes	0	0
Grants for revenue purposes	0	0
Total Healthcare Purchased by PCT	**791,413**	**767,497**
PCT self-provided secondary healthcare included above	0	2,080
Social Care from Independent Providers	0	0
Healthcare from NHS FTs included above	309,215	267,894

6. Operating Leases

The PCT has a number of operating lease arrangements. The leases will be transferred to NHS Property Services from 1st April2013

The PCT has contracts with a number of GP practices for the delivery of General Medical Services, which involve the use of GP premises for the delivery of services. Under IFRIC 4 (determining whether an arrrangement contains a lease) the PCT has determined that these contracts may involve an implicit operating lease for the use of the premises.

The financial value of premises related payments to GP's included in the Operating Cost Statement for 2012/13 is £3.749 million . However, as there is no defined term in the contracts entered into, a 10 year term has been assumed and future GP premises related payments estimated on this basis in the table below for 2012/13.

6.1 PCT as lessee

	Land £000	Buildings £000	Other £000	2012-13 Total £000	2011-12 £000
Payments recognised as an expense					
Minimum lease payments				**4,826**	4,889
Contingent rents				**0**	0
Sub-lease payments				**0**	0
Total				**4,826**	**4,889**
Payable:					
No later than one year	**0**	**4,606**	**0**	**4,606**	4,381
Between one and five years	**0**	**15,806**	**0**	**15,806**	15,911
After five years	**0**	**19,121**	**0**	**19,121**	19,082
Total	**0**	**39,533**	**0**	**39,533**	**39,374**
Total future sublease payments expected to be received				0	0

6.2 PCT as lessor

	2012-13 £000	2011-12 £000
Recognised as income		
Rental Revenue	**0**	0
Contingent rents	**0**	0
Total	**0**	0
Receivable:		
No later than one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Total	**0**	0

7. Employee benefits and staff numbers

7.1 Employee benefits

2012-13								
				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	**16,583**	15,600	983	**16,583**	15,600	983	**0**	0	0
Social security costs	**1,225**	1,152	73	**1,225**	1,152	73	**0**	0	0
Employer Contributions to NHS BSA - Pensions Division	**1,815**	1,707	108	**1,815**	1,707	108	**0**	0	0
Other pension costs	**155**	155	0	**155**	155	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	**41**	41	0	**41**	41	0	**0**	0	0
Total employee benefits	**19,819**	**18,655**	**1,164**	**19,819**	**18,655**	**1,164**	**0**	**0**	**0**
Less recoveries in respect of employee benefits (table below)	**(153)**	(153)	0	**(153)**	**(153)**	**0**	**0**	**0**	**0**
Total - Net Employee Benefits including capitalised costs	**19,666**	**18,502**	**1,164**	**19,666**	**18,502**	**1,164**	**0**	**0**	**0**
Employee costs capitalised	**0**	0	0	**0**	0	0	**0**	0	0
Gross Employee Benefits excluding capitalised costs	**19,819**	**18,655**	**1,164**	**19,819**	**18,655**	**1,164**	**0**	**0**	**0**
Recognised as:									
Commissioning employee benefits	**19,819**			**19,819**			**0**		
Provider employee benefits	**0**			**0**			**0**		
Gross Employee Benefits excluding capitalised costs	**19,819**			**19,819**			**0**		

2012-13								
				Permanently employed			Other	
	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
Employee Benefits - Revenue								
Salaries and wages	**153**	153	0	**153**	153	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	**153**	**153**	**0**	**153**	**153**	**0**	**0**	**0**	**0**

Employee Benefits - Prior- year

	Total £000	Permanently employed £000	Other £000
Employee Benefits Gross Expenditure 2012-13			
Salaries and wages	**21,721**	20,913	808
Social security costs	**1,657**	1,657	0
Employer Contributions to NHS BSA - Pensions Division	**2,444**	2,444	0
Other pension costs	**0**	0	0
Other post-employment benefits	**0**	0	0
Other employment benefits	**0**	0	0
Termination benefits	**4,021**	4,021	0
Total gross employee benefits	**29,843**	**29,035**	**808**
Less recoveries in respect of employee benefits	**0**	0	0
Total - Net Employee Benefits including capitalised costs	**29,843**	**29,035**	**808**
Employee costs capitalised	**0**	0	0
Gross Employee Benefits excluding capitalised costs	**29,843**	**29,035**	**808**
Recognised as:			
Commissioning employee benefits	**27,728**		
Provider employee benefits	**2,115**		
Gross Employee Benefits excluding capitalised costs	**29,843**		

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	**3**	3	0	**8**	8	0
Ambulance staff	**0**	0	0	**0**	0	0
Administration and estates	**355**	355	0	**497**	478	19
Healthcare assistants and other support staff	**30**	30	0	**32**	32	0
Nursing, midwifery and health visiting staff	**25**	25	0	**59**	56	3
Nursing, midwifery and health visiting learners	**0**	0	0	**0**	0	0
Scientific, therapeutic and technical staff	**13**	13	0	**0**	0	0
Social Care Staff	**0**	0	0	**19**	19	0
Other	**0**	0	0	**1**	0	1
TOTAL	**427**	**427**	**0**	**615**	**592**	**23**
Of the above - staff engaged on capital projects	**0**	0	0	**0**	0	0

7.3 Staff Sickness absence and ill health retirements

	2012-13 Number	2011-12 Number
Total Days Lost	**2,721**	**3,984**
Total Staff Years	**461**	**650**
Average working Days Lost	5.90	6.13

	2012-13 Number	2011-12 Number
Number of persons retired early on ill health grounds	**0**	1
	£000s	£000s
Total additional pensions liabilities accrued in the year	**0**	78

7.4 Exit Packages agreed during 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	**11**	**8**	**19**	7	3	**10**
£10,001-£25,000	**9**	**14**	**23**	2	4	**6**
£25,001-£50,000	**7**	**19**	**26**	0	3	**3**
£50,001-£100,000	**4**	**19**	**23**	0	1	**1**
£100,001 - £150,000	**0**	**1**	**1**	0	0	**0**
£150,001 - £200,000	**0**	**2**	**2**	1	0	**1**
>£200,000	**0**	**0**	**0**	1	0	**1**
Total number of exit packages by type (total cost	**31**	**63**	**94**	**11**	**11**	**22**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Total resource cost	792	2,657	**3,449**	518	257	**775**

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS MARS Scheme. **Exit costs in this note are accounted for in full in the year of departure**. 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.

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.

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 statement of comprehensive income at the time the PCT commits itself to the retirement, regardless of the method of payment.

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	**19,685**	**252,643**	22,495	241,435
Total Non-NHS Trade Invoices Paid Within Target	**17,188**	**235,396**	19,835	230,916
Percentage of NHS Trade Invoices Paid Within Target	87.32%	93.17%	88.18%	95.64%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**6,056**	**1,388,176**	6,138	1,288,240
Total NHS Trade Invoices Paid Within Target	**5,445**	**1,364,370**	4,002	1,268,625
Percentage of NHS Trade Invoices Paid Within Target	89.91%	98.29%	65.20%	98.48%

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 target is to pay 95% of trade creditors within 30 days.

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

There was no late payment of commercial debts interest.

9. Investment Income

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £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	**0**	**0**	**0**	108
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	**0**	**0**	**0**	108
Total investment income	**0**	**0**	**0**	108

10. Other Gains and Losses

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Gain/(Loss) on disposal of assets other than by sale (PPE)	**(150)**	**(150)**	**0**	(9)
Gain/(Loss) on disposal of assets other than by sale (intangibles)	**0**	**0**	**0**	0
Gain/(Loss) on disposal of Financial Assets - other than held for sale	**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	**(150)**	**(150)**	**0**	(9)

11. Finance Costs

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Interest				
Interest on obligations under finance leases	**0**	**0**	**0**	0
Interest on obligations under PFI contracts:				
- main finance cost	**0**	**0**	**0**	0
- contingent finance cost	**0**	**0**	**0**	0
Interest on obligations under LIFT contracts:				
- main finance cost	**2,454**	**2,454**	**0**	2,223
- 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	**2,454**	**2,454**	**0**	**2,223**
Other finance costs	**0**	**0**	**0**	0
Provisions - unwinding of discount	**106**		**106**	72
Total	**2,560**	**2,454**	**106**	**2,295**

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	**5,251**	**48,972**	**0**	**0**	**358**	**10**	**4,558**	**1,514**	**60,663**
Additions of Assets Under Construction				0					**0**
Additions Purchased	0	32	0		0	0	529	0	**561**
Additions Donated	0	0	0	0	0	0	0	0	**0**
Additions Government Granted	0	0	0	0	0	0	0	0	**0**
Additions Leased	0	0	0		0	0	0	0	**0**
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	(900)	(245)	0	0	(46)	(40)	(3,490)	(74)	**(4,795)**
Upward revaluation/positive indexation	0	3,828	0	0	0	0	0	0	**3,828**
Impairments/negative indexation	0	(547)	0	0	0	0	0	0	**(547)**
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	**4,351**	**52,040**	**0**	**0**	**312**	**(30)**	**1,597**	**1,440**	**59,710**
Depreciation									
At 1 April 2012	**(1,689)**	**4,516**	**0**	**0**	**321**	**(16)**	**3,312**	**342**	**6,786**
Reclassifications		0	0		0	0	0	0	**0**
Reclassifications as Held for Sale	0	0	0		0	0	0	0	**0**
Disposals other than for sale	0	(245)	0		(46)	(40)	(3,490)	(74)	**(3,895)**
Upward revaluation/positive indexation	0	0	0		0	0	0	0	**0**
Impairments	0	98	0	0	0	0	0	0	**98**
Reversal of Impairments	0	0	0	0	0	0	0	0	**0**
Charged During the Year	0	1,943	0		14	25	286	147	**2,415**
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	**0**
At 31 March 2013	**(1,689)**	**6,312**	**0**	**0**	**289**	**(31)**	**108**	**415**	**5,404**
Net Book Value at 31 March 2013	**6,040**	**45,728**	**0**	**0**	**23**	**1**	**1,489**	**1,025**	**54,306**
Purchased	6,040	45,728	0	0	23	1	1,489	1,025	**54,306**
Donated	0	0	0	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	0	0	0	**0**
Total at 31 March 2013	**6,040**	**45,728**	**0**	**0**	**23**	**1**	**1,489**	**1,025**	**54,306**
Asset financing:									
Owned	6,040	16,991	0	0	23	1	1,489	1,025	**25,569**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SOFP PFI contracts	0	28,737	0	0	0	0	0	0	**28,737**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
Total at 31 March 2013	**6,040**	**45,728**	**0**	**0**	**23**	**1**	**1,489**	**1,025**	**54,306**

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2012	**367**	**3,945**	**0**	**0**	**6**	**0**	**0**	**8**	**4,326**
Movements (specify)	0	3,462	0	0	0	0	0	0	**3,462**
At 31 March 2013	**367**	**7,407**	**0**	**0**	**6**	**0**	**0**	**8**	**7,788**

There were no Additions to Assets Under Construction in 2012-13

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	**5,251**	**31,193**	**0**	**0**	**358**	**95**	**3,428**	**1,511**	**41,836**
Additions - purchased	0	15,330	0	0	0	0	1,130	3	**16,463**
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	0	0	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	(85)	0	0	**(85)**
Revaluation & indexation gains	0	2,449	0	0	0	0	0	0	**2,449**
Impairments	0	0	0	0	0	0	0	0	**0**
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 netted off cost following revaluatio	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**5,251**	**48,972**	**0**	**0**	**358**	**10**	**4,558**	**1,514**	**60,663**
Depreciation									
At 1 April 2011	**(1,689)**	**3,009**	**0**		**309**	**53**	**3,223**	**166**	**5,071**
Reclassifications		0	0		0	0	0	0	**0**
Reclassifications as Held for Sale	0	0	0		0	0	0	0	**0**
Disposals other than for sale	0	0	0		0	(76)	0	0	**(76)**
Upward revaluation/positive indexation	0	0	0		0	0	0	0	**0**
Impairments	0	(266)	0	0	0	0	0	0	**(266)**
Reversal of Impairments	0	0	0	0	0	0	0	0	**0**
Charged During the Year	0	1,773	0		12	7	89	176	**2,057**
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	**0**
Cumulative dep netted off cost following revaluatio	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**(1,689)**	**4,516**	**0**	**0**	**321**	**(16)**	**3,312**	**342**	**6,786**
Net Book Value at 31 March 2012	**6,940**	**44,456**	**0**	**0**	**37**	**26**	**1,246**	**1,172**	**53,877**
Purchased	6,940	44,456	0	0	37	26	1,246	1,172	**53,877**
Donated	0	0	0	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**6,940**	**44,456**	**0**	**0**	**37**	**26**	**1,246**	**1,172**	**53,877**
Asset financing:									
Owned	6,940	14,441	0	0	37	26	1,246	1,172	**23,862**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SOFP PFI contracts	0	30,015	0	0	0	0	0	0	**30,015**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**6,940**	**44,456**	**0**	**0**	**37**	**26**	**1,246**	**1,172**	**53,877**

12.3 Property, plant and equipment

The District Valuer's office provided valuations at 31/3/12 for the accounts and the details can be found in Note 1.7.

12.4 Economic Lives of Property, Plant & Equipment

	Min Life Years	Max Life Years
Property, Plant and Equipment		
Buildings excl. dwellings	25	80
Dwellings	25	80
Plant & machinery	5	25
Transport equipment	7	7
Information technology	3	5
Furniture & fittings	5	25

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	**33**	**0**	**0**	**0**	**0**	**33**
Additions - purchased	0	160	0	0	0	**160**
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**
Additions Leased	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	0	0	0	0	**0**
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 2013	**33**	**160**	**0**	**0**	**0**	**193**
Amortisation						
At 1 April 2012	**33**	**0**	**0**	**0**	**0**	**33**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
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	0	0	0	0	**0**
In-year transfers to NHS bodies	0	0	0	0	0	**0**
At 31 March 2013	**33**	**0**	**0**	**0**	**0**	**33**
Net Book Value at 31 March 2013	**0**	**160**	**0**	**0**	**0**	**160**
Net Book Value at 31 March 2013 comprises						
Purchased	0	160	0	0	0	**160**
Donated	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	**0**
Total at 31 March 2013	**0**	**160**	**0**	**0**	**0**	**160**

Revaluation reserve balance for intangible non-current assets

	Software internally generated £000's	Software purchased £000's	Licences & trademarks £000's	Patents £000's	Development expenditure £000's	Total £000's
At 1 April 2012	**0**	**0**	**0**	**0**	**0**	**0**
Movements (specify)	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
At 1 April 2011	**33**	**0**	**0**	**0**	**0**	**33**
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	0	0	0	0	**0**
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**
Cumulative dep netted off cost following revaluation	0	0	0	0	0	**0**
At 31 March 2012	**33**	**0**	**0**	**0**	**0**	**33**
Amortisation						
At 1 April 2011	**33**	**0**	**0**	**0**	**0**	**33**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
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	0	0	0	0	**0**
In-year transfers to NHS bodies	0	0	0	0	0	**0**
Less cumulative dep written down on revaluation	0	0	0	0	0	**0**
At 31 March 2012	**33**	**0**	**0**	**0**	**0**	**33**
Net Book Value at 31 March 2012	**0**	**0**	**0**	**0**	**0**	**0**
Net Book Value at 31 March 2012 comprises						
Purchased	0	0	0	0	0	**0**
Donated	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	**0**
Total at 31 March 2012	**0**	**0**	**0**	**0**	**0**	**0**

13.3 Intangible non-current assets

Economic Lives of Non-Current Assets

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

14. Analysis of impairments and reversals recognised in 2012-13

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000
Property, Plant and Equipment impairments and reversals taken to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Over-specification of assets	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	0		0
Changes in market price	98		98
Total charged to Annually Managed Expenditure	**98**		**98**
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve			
Loss or damage resulting from normal operations	0		
Over Specification of Assets	0		
Abandonment of assets in the course of construction	0		
Unforeseen obsolescence	0		
Loss as a result of catastrophe	0		
Other	0		
Changes in market price	547		
Total impairments for PPE charged to reserves	**547**		
Total Impairments of Property, Plant and Equipment	**645**	**0**	**98**
Intangible assets impairments and reversals charged to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Over-specification of assets	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	0		0
Changes in market price	0		0
Total charged to Annually Managed Expenditure	**0**		**0**
Intangible Assets impairments and reversals charged to the Revaluation Reserve			
Loss or damage resulting from normal operations	0		
Over-specification of assets	0		
Abandonment of assets in the course of construction	0		
Unforeseen obsolescence	0		
Loss as a result of catastrophe	0		
Other	0		
Changes in market price	0		
Total impairments for Intangible Assets charged to Reserves	**0**		
Total Impairments of Intangibles	**0**	**0**	**0**
Financial Assets charged to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Loss as a result of catastrophe	0		0
Other	0		0
Total charged to Annually Managed Expenditure	**0**		**0**
Financial Assets impairments and reversals charged to the Revaluation Reserve			
Loss or damage resulting from normal operations	0		
Loss as a result of catastrophe	0		
Other	0		
TOTAL impairments for Financial Assets charged to reserves	**0**		
Total Impairments of Financial Assets	**0**	**0**	**0**
Non-current assets held for sale - impairments and reversals charged to SoCNE.			
Loss or damage resulting from normal operations	0	0	0

Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	0		0
Changes in market price	0		0
Total charged to Annually Managed Expenditure	**0**		**0**
Total impairments of non-current assets held for sale	**0**	**0**	**0**
Inventories - impairments and reversals charged to SoCNE			
Loss or Damage Resulting from Normal Operations	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen Obsolescence	0		0
Loss as a Result of a Catastrophe	0		0
Other (Free text note required)*	0		0
Changes in Market Price	0		0
Total charged to Annually Managed Expenditure	**0**		**0**
Total impairments of Inventories	**0**	**0**	**0**
Investment Property impairments charged to SoCNE			
Loss or Damage Resulting from Normal Operations	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen Obsolescence	0		0
Loss as a Result of a Catastrophe	0		0
Other (Free text note required)*	0		0
Changes in Market Price	0		0
Total charged to Annually Managed Expenditure	**0**		**0**
Total Investment Property impairments charged to SoCNE	**0**	**0**	**0**
Investment Property impairments and reversals charged to the Revaluation Reserve			
Loss or Damage Resulting from Normal Operations	0		
Over Specification of Assets	0		
Abandonment of Assets in the Course of Construction	0		
Unforeseen Obsolescence	0		
Loss as a Result of a Catastrophe	0		
Other (Free text note required)*	0		
Changes in Market Price	0		
TOTAL impairments for Investment Property charged to Reserves	**0**		
Total Investment Property Impairments	**0**	**0**	**0**
Total Impairments charged to Revaluation Reserve	547		
Total Impairments charged to SoCNE - DEL	0	0	0
Total Impairments charged to SoCNE - AME	98		98
Overall Total Impairments	**645**	**0**	**98**
Of which:			
Impairment on revaluation to "modern equivalent asset" basis	**0**	0	0
Donated and Gov Granted Assets, included above -			
PPE - Donated and Government Granted Asset Impairments: amount charged to SoCNE - DEL*	0	0	0
Intangibles - Donated and Government Granted Asset Impairments: amount charged to SoCNE -AME*	0	0	0

15 Investment property

	31 March 2013 £000	31 March 2012 £000
At fair value		
Balance at 1 April 2012	**0**	0
Additions Through Subsequent Expenditure	**0**	0
Other Acquisitions	**0**	0
Disposals	**0**	0
Property Reclassified as Held for Sale	**0**	0
Loss from Fair Value Adjustments - Impairments	**0**	0
Gain from Fair Value Adjustments - Reversal of Impairments	**0**	
Gain from Fair Value Adjustments	**0**	0
Transfers (to)/from Other Public Sector Bodies	**0**	
Other Changes	**0**	0
Balance at 31 March 2013	**0**	0
Investment property capital transactions in 2012-13		
Capital expenditure	**0**	0
Capital income	**0**	0
	0	0

16 Commitments

16.1 Capital commitments

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

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

16.2 Other financial commitments

The trust has entered into non-cancellable contracts which are not already disclosed in the accounts

	31 March 2013 £000	31 March 2012 £000
Not later than one year	**0**	0
Later than one year and not later than five year	**0**	0
Later than five years	**0**	0
Total	**0**	0

17 Intra-Government and other balances

	Current receivables £000s	**Non-current receivables £000s**	**Current payables £000s**	**Non-current payables £000s**
Balances with other Central Government Bodies	10,407	0	9,792	0
Balances with Local Authorities	920	0	668	0
Balances with NHS bodies outside the Departmental Group	0	0	7	0
Balances with NHS Trusts and Foundation Trusts	5,995	0	23,515	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	1,274	0	38,819	0
At 31 March 2013	**18,596**	**0**	**72,801**	**0**
prior period:				
Balances with other Central Government Bodies	2,507	0	5,001	0
Balances with Local Authorities	626	0	6,084	0
Balances with NHS Trusts and Foundation Trusts	14,328	0	16,989	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	3,653	0	47,731	0
At 31 March 2012	**21,114**	**0**	**75,805**	**0**

18 Inventories

The PCT has no inventories (2011/2012 - nil)

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	**12,631**	11,281	**0**	0
NHS receivables - capital	**0**	0	**0**	0
NHS prepayments and accrued income	**3,771**	5,003	**0**	0
Non-NHS receivables - revenue	**1,500**	2,192	**0**	0
Non-NHS receivables - capital	**0**	0	**0**	0
Non-NHS prepayments and accrued income	**471**	2,125	**0**	0
Provision for the impairment of receivables	**(51)**	(51)	**0**	0
VAT	**252**	551	**0**	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	**0**	0	**0**	0
Interest receivables	**0**	0	**0**	0
Finance lease receivables	**0**	0	**0**	0
Operating lease receivables	**0**	0	**0**	0
Other receivables	**22**	13	**0**	0
Total	**18,596**	21,114	**0**	0
Total current and non current	**18,596**	21,114		
Included above:				
Prepaid pensions contributions	**0**	0		

The great majority of trade is with other NHS bodies, including other Primary Care Trusts as commissioners for NHS patient care services. As Primary Care Trusts 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	**1,857**	267
By three to six months	**239**	39
By more than six months	**217**	134
Total	**2,313**	440

19.3 Provision for impairment of receivables

	2012-13 £000	**2011-12 £000**
Balance at 1 April 2012	**(51)**	(51)
Amount written off during the year	**0**	0
Amount recovered during the year	**0**	0
(Increase)/decrease in receivables impaired	**0**	0
Balance at 31 March 2013	**(51)**	(51)

20 NHS LIFT investments

	Loan £000	Share capital £000	Total £000
Balance at 1 April 2012	**1,182**	**4**	**1,186**
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 2013	**1,182**	**4**	**1,186**
Balance at 1 April 2011	748	259	1,007
Additions	0	0	0
Disposals	0	0	0
Loan repayments	(2)	0	(2)
Revaluations	436	(255)	181
Loans repayable within 12 months	0	0	0
Balance at 31 March 2012	**1,182**	**4**	**1,186**

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	**1,186**	1,186
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	**1,186**	1,186

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

	31 March 2013 £000	31 March 2012 £000
EU Emissions Trading Scheme Allowance	**0**	0
Other Assets	**0**	0
Total	**0**	0

23 Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Opening balance	**2**	0
Net change in year	**2,500**	0
Closing balance	**2,502**	0
Made up of		
Cash with Government Banking Service	**2,502**	1
Commercial banks	**0**	1
Cash in hand	**0**	0
Current investments	**0**	0
Cash and cash equivalents as in statement of financial position	**2,502**	2
Bank overdraft - Government Banking Service	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in statement of cash flows	**2,502**	2
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	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**
Transfers (to)/from other public sector bodies	0	0	0	0	0	0	0	0	0	**0**
Revaluation	0	0	0	0	0	0	0	0	0	**0**
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**
										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**

Revaluation reserve balances in respect of non-current assets held for sale were:

At 31 March 2012	181
At 31 March 2013	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		
NHS payables - revenue	**23,433**	16,695	**0**	0
NHS payables - capital	**0**	0	**0**	0
NHS accruals and deferred income	**9,881**	5,039	**0**	0
Family Health Services (FHS) payables	**14,736**	15,391		
Non-NHS payables - revenue	**5,272**	8,798	**0**	0
Non-NHS payables - capital	**264**	74	**0**	0
Non_NHS accruals and deferred income	**15,184**	26,220	**0**	0
Social security costs	**186**	209		
VAT	**0**	0	**0**	0
Tax	**279**	227		
Payments received on account	**1**	0	**0**	0
Other	3,565	3,152	0	0
Total	**72,801**	75,805	**0**	0
Total payables (current and non-current)	**72,801**	**75,805**		
Included above:				
to buy out the liability for early retirements over 5 Years (£000s)	0		0	
number of cases Involved (number)	0		0	
Outstanding pension contributions at year end (£000s)	0		256	

26 Other liabilities

There are no other liabilities.

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		
Bank overdraft - commercial banks	**0**	0		
PFI liabilities:				
Main liability	**0**	0	**0**	0
Lifecycle replacement received in advance	**0**	0	**0**	0
LIFT liabilities:				
Main liability	**753**	753	**30,477**	31,230
Lifecycle replacement received in advance	**0**	0	**0**	0
Finance lease liabilities	**0**	0	**0**	0
Other (describe)	**0**	0	**0**	0
Total	**753**	**753**	**30,477**	**31,230**
Total other liabilities (current and non-current)	**31,230**	**31,983**		

Borrowings/Loans - Payment of Principal Falling Due in:

	DH £000s	**Other £000s**	**Total £000s**
0 - 1 Years	0	728	**728**
1 - 2 Years	0	727	**727**
2 - 5 Years	0	2,203	**2,203**
Over 5 Years	0	27,572	**27,572**
TOTAL	**0**	**31,230**	**31,230**

28 Other financial liabilities

There are no other financial liabilities

29 Deferred income

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
Opening balance at1 April 2012	**1**	0	**0**	0
Deferred income addition	**0**	1	**0**	0
Transfer of deferred income	**0**	0	**0**	0
Current deferred Income at 31 March 2013	**1**	1	**0**	0
Total other liabilities (current and non-current)	**1**	**1**		

30 Finance lease obligations

There are no finance lease obligations

32 Provisions

Comprising:

	Total £000s	Pensions to Former Directors £000s	Pensions Relating to Other Staff £000s	Legal Claims £000s	Restructuring £000s	Continuing Care £000s	Equal Pay £000s	Agenda for Change £000s	Other £000s	Redundancy £000s
Balance at 1 April 2012	**10,598**	0	2,585	15	330	1,043	0	0	3,075	3,550
Arising During the Year	**5,168**	0	0	0	0	3,371	0	0	1,756	41
Utilised During the Year	**(5,435)**	0	(488)	0	0	(434)	0	0	(1,170)	(3,343)
Reversed Unused	**(2,019)**	0	0	(1)	(330)	0	0	0	(1,688)	0
Unwinding of Discount	**106**	0	72	0	0	23	0	0	11	0
Change in Discount Rate	**0**	0	0	0	0	0	0	0	0	0
Transferred (to)/from otherPublic Sector bodies	**0**	0	0	0	0	0	0	0	0	0
Balance at 31 March 2013	**8,418**	**0**	**2,169**	**14**	**0**	**4,003**	**0**	**0**	**1,984**	**248**
Expected Timing of Cash Flows:										
No Later than One Year	**2,547**	**0**	**488**	**14**	**0**	**0**	**0**	**0**	**1,797**	**248**
Later than One Year and not later than Five Years	**5,871**	**0**	**1,681**	**0**	**0**	**4,003**	**0**	**0**	**187**	**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	76
As at 31 March 2012	29

Other provisions include:

- £601k in respect of dilapidations costs at various properties. Potential liabilities relate to the cost of reinstating the condition of leased premises where leases will be terminated.
- The £2,169k provision for pensions relating to other staff was inherited from the PCT's predecessor organisation and covers the cost of early retirements resulting from restructuring in the health economy before 1995. Cashflows and timings in respect of this provision are relatively constant.
- £14k is included as a legal fees provisions based on information from the NHS Litigation Authority at 31/3/2012 in respect of personal injury claims.
- The £4,002k provision for continuing care relates to potential claims for nursing home restitution payments. Potential liabilities relate to costs currently classed as social care costs that may on appeal be deemed to be healthcare costs and therefore the liability of the PCT rather than the local authority. The provision includes estimates in respect of claims submitted in advance of the notified deadline of 30.09.12.
- The £249k provision for redundancy relates to the impact of efficiency requirements as a result of current NHS changes.
- £656k relating to potential liability for employer costs in respect of payment arrangements relating to GP consortia.
-£256k in respect of PCT closedown costs.
- £396k provision for the potentially liability relating to claims from a local provider trust in respect of redundancy costs.
-£75k potential liability in respect of historic Practice Based Commissioning schemes.

33 Contingencies

	31 March 2013 £000	31 March 2012 £000
Contingent liabilities		
Equal Pay	**0**	0
Other	**(12,326)**	(17)
Amounts Recoverable Against Contingent Liabilities	**0**	0
Net Value of Contingent Liabilities	**(12,326)**	(17)
Contingent Assets		
Contingent Assets	**0**	0
Net Value of Contingent Assets	**0**	0

Other Contingencies include £12,319k re Continuing Care contingencies and £7k NHSLA(£17k in 2011-12)

34 PFI and LIFT - additional information

	31 March 2013	31 March 2012
	£000	£000

All LIFT schemes are on Statement of Financial Position

The PCT has entered into five NHS LIFT contracts with the Birmingham and Solihull LIFT company. Each contract is for the provision of serviced

Name of Property	**Start of operating period**	**End of operating period**
Stockland Green Primary Care Centre	06/06/2008	30/06/2033
The Dove Primary Care Centre	08/03/2008	30/09/2037
Richmond Primary Care Centre	19/05/2009	31/05/2034
Washwood Health Primary Care Centre	01/06/2011	30/06/2036
Hodge Hill Primary Care Centre	12/08/2011	30/08/2036

The PCT is required to make an annual lease plus payment to the LIFT company under each contract. This unitary payment includes charges for the
The PCT has an option to purchase each property at the end of the above operating periods. The PCT has determined that it is not certain to exercise
Under IFRIC 12, the LIFT properties are treated in the PCT accounts as assets of the PCT. The substance of the contracts is that the PCT has a finance

34.1 Charges to operating expenditure and future commitments in respect of ON and OFF SOFP PFI

Total charge to operating expenses in year - OFF SOFP PFI	**0**	0
Service element of on SOFP PFI charged to operating expenses in year	**0**	0
Total	**0**	**0**

Payments committed to in respect of off SOFP PFI and the service element of on SOFP PFI

No Later than One Year	**0**	0
Later than One Year, No Later than Five Years	**0**	0
Later than Five Years	**0**	0
Total	**0**	0

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

	31 March 2013	31 March 2012
	£000	£000
Estimated Capital Value of Project - off SOFP PFI	**0**	0
Value of Deferred Assets - off SOFP PFI	**0**	0
Value of Reversionary Interest - off SOFP PFI	**0**	0

34.2 Imputed "finance lease" obligations for on SOFP PFI contracts due
Analysed by when PFI payments are due

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

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**	0
Service element of on SOFP LIFT charged to operating expenses in year	**1,015**	830
Total	**1,015**	830

	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	**1,133**	1,003
Later than One Year, No Later than Five Years	**5,453**	5,012
Later than Five Years	**32,435**	33,545
Total	**39,021**	39,560

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:

	31 March 2013	31 March 2012
	£000	£000
Estimated capital value of project - off SOFP LIFT	0	0
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	**3,125**	3,207
Later than One Year, No Later than Five Years	**11,963**	12,180
Later than Five Years	**51,516**	54,393
Subtotal	**66,604**	69,780
Less: Interest Element	**(35,343)**	(37,797)
Total	**31,261**	31,983

35 Impact of IFRS treatment - 2012-13

	Total	Admin	Programme
	£000	£000	£000
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g LIFT/PFI)			
Depreciation charges	**1,280**	0	1,280
Interest Expense	**2,454**	0	2,454
Impairment charge - AME	**0**		0
Impairment charge - DEL	**0**	0	0
Other Expenditure	**1,337**	0	1,337
Revenue Receivable from subleasing	**0**	0	0
Total IFRS Expenditure (IFRIC12)	**5,071**	**0**	**5,071**
Revenue consequences of LIFT/PFI schemes under UK GAAP / ESA95 (net of any sublease income)	**(4,543)**	0	(4,543)
Net IFRS change (IFRIC12)	**528**	**0**	**528**

Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12

Capital expenditure 2012-13	0
UK GAAP capital expenditure 2012-13 (Reversionary Interest)	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 is 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' £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0			**0**
Receivables - NHS		12,631		**12,631**
Receivables - non-NHS		1,522		**1,522**
Cash at bank and in hand		2,502		**2,502**
Other financial assets	0	0	1,186	**1,186**
Total at 31 March 2013	**0**	**16,655**	**1,186**	**17,841**
Embedded derivatives	0			0
Receivables - NHS		8,461		8,461
Receivables - non-NHS		2,205		2,205
Cash at bank and in hand		2		2
Other financial assets	0	0	1,186	1,186
Total at 31 March 2012	0	10,668	1,186	11,854

36.2 Financial Liabilities	At 'fair value through profit and loss' £000	Other £000	Total £000
Embedded derivatives	0		**0**
NHS payables		33,314	**33,314**
Non-NHS payables		39,487	**39,487**
Other borrowings		31,230	**31,230**
PFI & finance lease obligations		0	**0**
Other financial liabilities	0	0	**0**
Total at 31 March 2013	**0**	**104,031**	**104,031**
Embedded derivatives	0		0
NHS payables		21,734	21,734
Non-NHS payables		53,635	53,635
Other borrowings		31,983	31,983
PFI & finance lease obligations		0	0
Other financial liabilities	0	0	0
Total at 31 March 2012	**0**	107,352	107,352

37. Related party transactions

Details of related party transactions with individuals are as follows:

Board Member / Senior Manager	Organisation	Position in related organisation	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
			£	£	£	£
Rod Anthony	NHS Institute for Innovation & Improvement	Director	3,000	0	0	0
	Audit Commission	Finance and Efficiency Advisory Group Member	60,686	0	0	0
Nicola Benge	Leicestershire NHS Cluster	Partner is a Director	1,259,000	91,000	7,000	0
Rachel Hardy	University Hospitals Coventry And Warwickshire NHS Trust	Husband is Chief Executive	79,661,000	94,000	2,893,000	33,000
Barry Henley	Birmingham City Council	Elected member	29,038,000	1,078,000	553,000	920,000
Denise McLellan	NHS Walsall	Employer	46,000	40,262,000	0	40,000
Denise McLellan	Maidstone & Tunbridge Wells Hospital	Sister is a Manager	1,000	0	0	0
Brendan O'Brien	BT	BT plc Employee	762,672	0	19,617	0
	Heart of England Foundation Trust	Wife and daughter employees	301,655,000	115,000	3,630,000	65,000
Diane Reeves	British Medical Association	Member	1,450	0	0	0
Michael Smith	Acacia Family Support	Chairman	44,268	0	0	0
Peter Spilsbury	University of Birmingham	Honorary Fellow	779,138	0	0	2,595
John Taylor	BaS Lift Ltd (Birmingham & Solihull LIFTCo)	Chair	4,783,662	216	1,356	2,404
	Autism West Midlands	Trustee and Director	136,923	0	0	0
Anand Chitnis	NHS West Midlands	GP Trainer	258,000	3,036,000	10,000	12,000
	British Medical Association	Member	As Above	As Above	As Above	As Above
Andrew Coward	British Medical Association	Member	As Above	As Above	As Above	As Above
Dr A Phillips	British Medical Association	Member	As Above	As Above	As Above	As Above

Note: Payment and receipts relating to NHS bodies & other government departments reflect Income and Expenditure as per the 2012/13 Agreement of Balances process.
Note: Receipts include those paid to Birmingham East & North PCT as hosts of the West Midlands Specialist Commissioning Services, Ambulance Services, Learning Disability and Mental Health services.

The Department of Health is regarded as a related party. During the year Birmingham East & North Primary Care Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. For example:

2012-13	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
Related Party	£000's	£000's	£000's	£000's
West Midlands Strategic Health Authority	258	3,036	10	12
NHS Institute of Innovation & Improvement	3	0	0	0
NHS Litigation	4	0	0	0
NHS Business Services Authority	23	0	36	0
Coventry PCT	235	59,541	0	12
Dudley PCT	370	45,894	49	0
Heart of Birmingham PCT	4,728	55,711	5,494	7,820
Solihull PCT	243	36,819	0	156
South Birmingham PCT	1,117	172,328	2,392	822
Warwickshire PCT	843	70,669	63	28
Wolverhampton City PCT	256	47,804	0	0
Worcestershire PCT	284	72,185	209	0
Birmingham Community Healthcare Trust	105,377	8,260	-526	1,483
Coventry And Warwickshire Partnership NHS Trust	12,843	3	349	0
Sandwell and West Birmingham Hospitals NHS Trust	49,092	160	749	6
West Midlands Ambulance Service	13,361	0	401	0
Birmingham and Solihull Mental Health Foundation Trust	162,898	20	5,265	0
Birmingham Childrens Hospital NHS Foundation Trust	104,206	78	1,435	364
Birmingham Womens NHS Foundation Trust	28,474	6	289	0
Heart of England NHS Foundation Trust	301,655	115	3,630	65
Royal Orthopaedic Hospital NHS Foundation Trust	14,155	0	-55	0
South Staffordshire Healthcare NHS Foundation Trust	17,406	55	301	7
University Hospital Birmingham NHS Foundation Trust	199,723	1,171	1,461	14

In addition the Primary Care trust has had a number of material transactions with other Government Departments and other central & local Government bodies.
Most of these transactions have been with:

2012-13	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
Related Party	£000's	£000's	£000's	£000's
Birmingham City Council	29,038	1,078	553	920
Solihull Metropolitan Borough Council	84	0	0	0

The PCT has not received revenue or capital payments from any charitable funds

37. Related party transactions

Details of related party transactions with individuals in 2011-12 were as follows:

Board Member / Senior Manager	Organisation	Position in related organisation	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
			£	£	£	£
Denise Mclellan	*NHS Walsall*	*Employer*	46,431	42,225,827	83,000	280,000
Rod Anthony	*NHS Institute For Innovation & Improvement*	*Director*	6,353	0	0	0
	Audit Commission; Finance & Efficiency Advisory Group	*Member (from 26 May 2010)*	254,781	0	62,543	0
John Taylor	*BaS Lift Ltd*	*Chair*	4,721,788	1,971	1,499	216
	Autism West Midlands	*Trustee & Director*	138,363	0	47,881	0
Rachel Hardy	*University Hospitals Coventry And Warwickshire NHS Trust*	*Husband is Chief Executive*	64,386,000	33,333	2,178,000	0
Peter Spilsbury	*University of Birmingham, Health Services Management Centre*	*Honorary Fellow*	770,571	1,755	934	0
Nicola Benge	*Leicestershire NHS Cluster (Leicester City PCT and NHS Leicester & Rutland)*	*Partner is a Director*	74,442	0	8,728	0
Peter Hay	*Birmingham City Council*	*Strategic Director*	21,908,526	2,032,000	6,084,377	619,394
Cllr Sue Anderson	*Birmingham City Council*	*Elected Member (ongoing)*	As Above	As Above	As Above	As Above
Cllr Bob Sleigh	*Solihull Metropolitan Borough Council*	*Elected Member (ongoing)*	104,000	0	0	0
	Solihull Metropolitan Borough Council	*Deputy Leader & Cabinet Member For Health & Well-being (from 25th May 2011)*	As Above	As Above	As Above	As Above
	Solihull Metropolitan Borough Council	*Lay Mental Health Act Manager*	As Above	As Above	As Above	As Above
	Birmingham & Solihull Mental Health Foundation Trust	*Lay Mental Health Act Manager*	160,505,698	0	82,000	54,788
	Birmingham Children's Hospital NHS Foundation Trust	*Lay Mental Health Act Manager*	95,009,576	96,625	822,000	189,265
Barry Henley	*Birmingham City Council*	*Elected Member (ongoing)*	As Above	As Above	As Above	As Above
Brendan O'Brien	*BT PLC*	*Employee*	110,606	0	2,370	0
	Heart of England NHS Foundation Trust	*Wife & Daughter Employees*	291,370,000	0	1,485,000	693,224
Michael Smith	*Acacia Family Support*	*Vice Chairman*	90,157	0	0	0
Dave Martin	*Solihull Metropolitan Borough Council*	*Interim Director of Adult Social Services*	As Above	As Above	As Above	As Above
Paul Sabapathy	*NHS Confederation PCT Network*	*Vice-Chair*	8,278	0	0	0
	NHS Confederation Trust	*Trustee*	As Above	As Above	As Above	As Above
	NHS Confederation Group	*Director*	As Above	As Above	As Above	As Above
	Bournville Village Trust	*Trustee*	453,674	0	1,120	0
	Heart of England NHS Foundation Trust	*Governor*	As Above	As Above	As Above	As Above
Ranjit Sondhi	*Midlands Art Centre (MAC)*	*Wife Chairman*	2,063	0	698	0
Lesley Heale	*Solihull Metropolitan Borough Council*	*Director of People*	As Above	As Above	As Above	As Above
Sharon Bailey	*Solihull Metropolitan Borough Council*	*Acting Director of People*	As Above	As Above	As Above	As Above
Dr Mehboob Bhatti	*Dr Valsalan / Dr Bhatti Practice*	*GP*	259,218	0	0	0
DR Abid Hussain	*GP at Pearl Medical Centre*	*Partner of Non Executive Director*	1,029,544	0	0	0

Note: Payment and receipts relating to NHS bodies & other government departments reflect Income and Expenditure as per the 2011/12 Agreement of Balances process.
Note: Receipts include those paid to Birmingham East & North PCT as hosts of the West Midlands Specialist Commissioning Services, Ambulance Services, Learning Disability and Mental Health services.

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	4,647	14
Special payments - PCT management costs	15470	4
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	4,647	14
Total special payments	15,470	4
Total losses and special payments	20,117	18

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	21,214	18
Special payments - PCT management costs	5120	4
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	21,214	18
Total special payments	5,120	4
Total losses and special payments	26,334	22

Details of cases individually over £250,000
There were no cases over £250,000

39 Third party assets

There are no assets held on behalf of other bodies

40 Pooled Budgets

Mental Health Services

Birmingham East and North PCT has a pooled budget arrangement for Mental Health Services with Heart of Birmingham tPCT and South Birmingham PCT. The service is hosted by BEN PCT and the contribution by BEN PCT in 2012-13 was £50,932k.

Learning Difficulties Services

Birmingham East and North PCT has a pooled budget arrangement for Learning Difficulties Services with Heart of Birmingham tPCT and South Birmingham PCT. The service is hosted by BEN PCT and the contribution by BEN PCT in 2012-13 was £11,892k.

Equipment Loan Stores

Birmingham East and North PCT has a pooled budget arrangement for the management of the Equipment Loan Stores with Birmingham City Council, Heart of Birmingham tPCT and South Birmingham PCT. The service is hosted by BEN PCT and the contribution by BEN PCT in 2012-13 was £3k

41 Cashflows relating to exceptional items

There are no cashflows relating to exceptional items

42.1 Events after the end of the reporting period

The main functions carried out by BEN PCT in 2012-13 are to be carried out in 2013-14 by the following public sector organisations;

- Clinical Commissioning Group
- NHS England(Commissioning Board)
- Public Health England
- Birmingham City Council
- NHS Property Services

Subject to any final changes required by the Department of Health, the assets and liabilities of the PCT will be transferred to successor bodies as indicated above. This indicative transfer follows the policies and principles laid out in the *Transfer of Claims, Liabilities and related Financial Assets* Guidance issued by the Department of Health. A copy of this guidance is available by following the link www.info.doh.gov.uk/doh/finman.nsf - the document is in the Handover and Closedown area of the Finance manual

The ultimate destination of the assets and liabilities will be confirmed following the final review of transfer orders by the Department of Health.

Annual Governance Statement – 2012/13
Birmingham East and North Primary Care Trust

Scope of responsibility

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

The performance of the PCT is monitored through that of the Birmingham and Solihull PCT Cluster by NHS Midlands and East via their assessment of the PCT is meeting its obligations, as set out in the NHS Operating Framework 2012/13. This is undertaken by the submission of reports, by declarations of compliance and by meetings between NHS Midlands and East and PCT staff. My personal performance is appraised and managed by the Chairman on behalf of the PCT Board.

In 2011/12, the PCT delegated responsibility for the operational delivery of its statutory functions to a joint sub-committee of Birmingham and Solihull PCTs this includes; Birmingham East & North, Heart of Birmingham, Solihull and South Birmingham. This arrangement has continued throughout the duration of 2012/13 and I have led the transition to a new NHS architecture which includes the formal transfer of a number of PCT statutory functions to new NHS bodies and/or partner local authorities.

As a manifestation of these transitional arrangements, the Birmingham Cross City, Birmingham South Central and Solihull Clinical Commissioning Groups (CCG) were set up as a sub-committee of the Cluster Board during 2012/13. This enabled the PCT, through the shadow CCG, to work as an equal partner within the locality partnership arrangements. Senior PCT staff were members of these partnership boards and the work of these partnership boards was presented to each CCG Board. The CCG has a good working relationship with the locality Health and Social Care Scrutiny Panel(s). The CCG continues to work with Local Involvement Networks (LINks) and has been an active partner in the development of the new HealthWatch.

The PCT, through the shadow CCG, has continued the partnership work by being an active member within the Shadow Health and Well Being Board. The Cluster has also been directly represented on each of the Shadow Health and Well Being Boards in Birmingham and Solihull. The Joint Directors of Public Health have been working with the local authority on the transfer of Public Health in accordance with the Health and Social Care Act.

I have ensured that the PCT, through the joint sub-committee of the Cluster has documented for successor organisations significant areas of work through the Handover Document and the Quality Handover Document. Both these were presented to the final Cluster Board meeting and were formally 'sent' to receiver organisations. I also ensured that any ongoing work associated with open complaints, claims, fraud cases and serious incidents were also officially 'sent' to receiver organisations through the last PCT Board meeting. The Cluster has been working to a closedown plan, overseen by the Transition Committee, accountable to the PCT Board.

The governance framework of the organisation

The governance framework is designed to manage risk to a reasonable level rather than to guarantee the elimination of all risk of failure to achieve aims and objectives; it cannot therefore provide an absolute assurance of effectiveness. The governance framework and systems of internal control is an evolutionary process designed to:

- Identify and prioritise the risks to the delivery of aims and objectives
- Evaluate the likelihood of those risks occurring and the impact should they be realised, and to manage them efficiently, effectively and economically

The system of internal control has been reviewed and amended throughout the 2012/13 year to reflect the nature of the transitional environment and to ensure a robust assurance framework continues to be in place to best support the delivery of key aims

The Board

For the period April – September 2012 inclusive the PCT was led by a Chief Executive. With effect, 1 October 2012 I was appointed the Accountable Officer and thus the Chief Executive of the PCT together with the other PCTs that made up the Cluster. I received a detailed handover from my predecessor which was documented and presented to the Cluster Board for assurance. The PCT Executive Team also changed on 1 October and I ensured they each received a detailed handover from their outgoing predecessor. The Quality Handover Document was presented to the Board for assurance. The Executive Team and I have been working with the receiver organisations to ensure the safe execution of the NHS Health and Social Care Act 2012.

The Cluster Board (which in turn operated as the PCT Board) had 14 voting members:

- 1 Chair
- 7 Non executives
- 1 Chief Executive
- 1 Nurse Director
- 1 Director of Finance
- 1 Director of Commissioning
- 1 Medical Director
- 1 Director of Public Health

The Joint Directors of Communications, Associate Director Corporate Affairs and a Board Secretary were in regular attendance. There continued to be a Director of Public Health in each PCT, but one represented colleagues at the Cluster Board. The Board also invited a number of co-opted, non-voting Members onto the Board to represent the broad stakeholder interest in the Board agenda.

Board meetings were held in public once every month until September 2012 and then bi-monthly from October 2012 to March 2013. Average attendance for the whole of 2012/13 is 83%.

A review of Board performance against the requirements of the Corporate Governance Code has been completed for the 2012/13 year and I am confident that all relevant requirements have demonstrable evidence available to support a declaration of full compliance.

Board committee structure

The Board committee structure was reviewed on a regular basis throughout 2012/13 to ensure that the Board was appropriately supported in discharging its functions effectively and that the transition to the new NHS architecture was adequately reflected. Each sub-committee has a term of reference which has been approved by the Board and provides a robust framework for the functions and duties of the committee to be discharged in a manner that ensures the main Board retains sufficient oversight of the proper performance of the delegated functions.

The board committee structure for the period April to September 2012 inclusive is shown at Appendix 1. Following my appointment in October 2012 I reviewed the existing arrangements and implemented a series of changes to consolidate the committee structure and make best use of my Executive Team resource. This is shown at Appendix 2.

Risk assessment

As Accountable Officer, I have overall responsibility for risk management and the arrangements to support this are clearly articulated in the Board Assurance Framework and Risk Management Strategy. Moreover, in October 2012 the Standing Orders, SFI's and the Scheme of Reservation and Delegation were all reviewed and updated across the Cluster. They were approved at both the Cluster Audit Committee and the Cluster Board. To provide assurance to the Board all financial leads across the Cluster were written to and asked to sign to say they had received and disseminated the revised documents as necessary.

The PCT has reviewed the arrangements for delivery of key aspects of internal control mechanisms throughout the year to ensure they remain appropriate and reflective of the transition this includes; Local Security Management Service, compliance with the Health and Safety at Work Act Standards of Business Conduct and developing emergency response plans against regional and national directives.

Newly identified risks; i.e. risks identified in the year 2012/13

The Board Assurance Framework (attached at Appendix 3) is the mechanism by which all strategic level risks are identified, mitigated and reviewed by the Board. All risks contained on this exception report have been newly identified within the 2012/13 year. Risks which are deemed to be borough wide and impact on other stakeholders are addressed through the appropriate partnership working arrangements Other risks are addressed through other routes for example the emergency planning partnership work. Internal Audit has provided assurances on the operation of the Assurance Framework.

Data Security

Responsibility for Information Governance has been vested in the following colleagues throughout the year:

- Caldicott Guardian – Doug Wulf, Associate Medical Director (April to May)
- Caldicott Guardian – Nick Griggs, Associate Medical Director (May to September)
- Caldicott Guardian - Steven Cartwright, Medical Director (October to March)
- Senior Information Risk Officer – Diane Reeves, Medical Director (April to October)
- Senior Information Risk Officer – Alison Taylor, Director of Finance (November to March)

There have been three breaches of data security in year:

- Data breach re employee personal data – a Root Cause Analysis was not completed however it was concluded that excessive information was issued following incorrect judgement. Information Governance colleagues have joined the Transition Board to ensure IG related advice and support is provided in a timely and effective manner

- loss of unencrypted data – best practice was not followed in relation to transporting of information leading to the loss of personal and limited sensitive personal data relating to dental services. The PCT arranged meeting with dental practice concerned to review all actrions taken as a result including a review of staff training records, availability of IG toolkit evidence and changes have been made to relevant policies (e.g. mobile devices and information security)

- Data breach re patient information – the agreed procedure for exporting patient data was not correctly followed and compounded by an error of transcription in dialling a fax number leading to patient information being sent to an external third party. IG Manager completed a review which has led to a number of changes to systems and processes including cessation of non-secure data sharing protocols

During the year BEN PCT continued to implement a range of management actions arising from a report of the Information Commissioner relating to breaches of data security occurring in 2011/12 and declared in that year's Annual Governance Statement. An Internal Audit review of action taken in relation to the ICO report reported in February 2013 and has found that significant assurance is available on the extent of the implementation of agreed management actions.

There is a strong data security culture within the organisation backed up by mandatory training for all staff. Sanctions would be applied if staff wilfully disregarded basic security measures. All laptops and blackberries are encrypted and staff can send encrypted emails using the 'confidential' option on the email system.

Risk and Control framework

The PCT Risk Management Strategy sets out the role and responsibility of the Chief Executive and other key officers in relation to Risk Management. The Executive Nurse and Medical Director provide clinical leadership in the clinical governance area and in particular quality and safety within the providers that the PCT commission from.

The Clinical Executive/Quality and Safety Committee, chaired by the Medical Director with non-executive director attendance, meets monthly and is accountable to the PCT Board. This Committee assures the Board of the management of risk within the Cluster. It monitors the work of the Clinical Quality Review meetings with our main providers and the work of the Care Quality Commission locally (for example their assessments of nursing homes). It also reviews the red risks associated with quality and the serious incident reports. The Audit Committee gives assurance to the Board that risk is being managed appropriately within the Cluster.

The Assurance Framework provides the overall mechanism for the Cluster Board and hence the PCT to manage its strategic risks. It was based upon the Assurance Framework for 2011/12 which was developed by the whole Cluster Board during a facilitated planning event and each of the risks identified has a lead Cluster director whose responsibility it is to ensure that the risk is mitigated. Action plans are in place to mitigate the risks identified and embedded within the day to day working of the Cluster. The Cluster published information in relation to the Equality Act by 31 January 2013 as required.

The red risk register holds the high operational risks and the financial consequences of the risk are identified where appropriate. These are categorised as 'red' on the 5x5 risk scoring matrix. Again, there is a lead director identified who puts an action plan in place and ensures that the risk is mitigated. The red risk register is reviewed regularly at the Cluster's Transitional Committee (which was established to oversee the transition arrangements put in place to enact the NHS reorganisation resulting from the NHS and Social Care Act).

The Cluster was conscious that the year 2012/13 was one of extreme disruption within the management of the NHS. As such, the Transition Committee was instrumental in monitoring the risks associated with the changes. These risks and their mitigation were then reported to each Board meeting. The Audit Committee also reviewed the Cluster's approach to risk and the risk register. The Cluster put into place robust mechanisms to ensure patient safety and quality was not compromised during this period. This included working closely with successor organisations in particular the CCGs to ensure continuity and transfer of corporate memory.

Review of the effectiveness of risk management and internal control

The PCT achieves assurance that risk management activities and systems are being appropriately identified and managed through the following:

- Annual Governance Statement, the Board Assurance Framework and transitional risk register
- The PCT Cluster's progress against its strategic and operational objectives
- Statistical and trend reporting of Incidents, Complaints and Claims to the Board and relevant Committees
- Correlation between incidents/near miss reporting and dates of occurrence
- Receiving assurance from Internal and External Audit that the PCT Cluster's Risk Management Systems are being implemented
- Information Governance Toolkit compliance

This proactive and reactive management of risks means that the PCT Cluster is able to provide a dynamic and continuous quality improvement process for the systematic identification and analysis of all risks. Relevant stakeholders are made aware of the significant risks through the PCT Cluster Board. Significant risks are prioritised according to their high numeric score.

The following sections set out a more detailed assessment of several specific areas.

Audit Committee reports

The Cluster Audit Committee has approved Terms of Reference that are in line with the Audit Committee Handbook, published by the HFMA and Department of Health. Its agenda is largely driven by the handbook with the content and timing of the meetings linked to the requirements of the financial year. The Committee had delegated authority from the Cluster Board to approve the Annual Financial Statements; the draft Annual Report and the annual accounts and report for Funds held on Trust (Charitable Funds). During 2012/13 it reported after every meeting to the Board. The Cluster Audit Committee worked very closely with Audit Committees within each Black Country locality. These local audit committees recommended the write-off of losses; ex gratia payments reported to the Cluster Audit Committee. An internal audit review has provided moderate assurance in relation to primary care contractor payment systems in relation to the PCT.

Pension

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

Fraud

The PCT has specific and appropriate arrangements in place to comply with the requirements of the Local Counter Fraud and Security Management Services Directives and the Bribery Act.

Head of Internal Audit Opinion

The HoIA Opinion describes the robustness of the arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work. The opinion concluded that the systems in respect of the Assurance Framework are robust and operate in a good control environment and gives significant assurance with regard to the management of risk in the core financial systems.

The basis for forming this opinion is drawn from an assessment of the design and operation of the underpinning Cluster Assurance Framework and supporting processes together with an assessment of the range of individual opinions arising from risk-based audit assignments including core financial systems.

There were limited instances of concerns being raised to the effectiveness of controls in respect of the PCTs level of compliance in relation to the Information Governance Toolkit, the management, administration and security of IT assets and the transition arrangements for public health to move to local authorities. In each instance, an action plan was agreed with management to address the issues during the course of the year.

Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide the Accountable Officer with assurance. The Assurance Framework itself provides evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. I am confident that this Annual Governance Statement is a balanced reflection of the actual control position and that where control weaknesses have been identified there is a sufficiently robust plan in place to strengthen the assurance available.

Significant Issues

There were no significant issues during 2012/13.

However, it should be noted that the following concerns have been raised towards the end of the financial year regarding the transition of certain systems and processes to NHS England:

- the future maintenance of primary care contract payment systems across Birmingham, Solihull and the Black Country, given the resilience issues reported by Internal Audit in relation to these systems within the Black Country Cluster

- the lack of suitable counter-fraud arrangements within NHS England to conclude open cases that relate to primary care contractors

It is appropriate that both these issues are referenced separately as given the proximity of the issue being raised to the abolition of the PCTs the future management actions necessary to mitigate and/or remove these risks will be transferred to the Birmingham, Black Country and Solihull Area Team on behalf of NHS England.

My review confirms that Birmingham East and North PCT had in place a generally sound system of internal control that supported the achievement of its policies, aims and objectives.

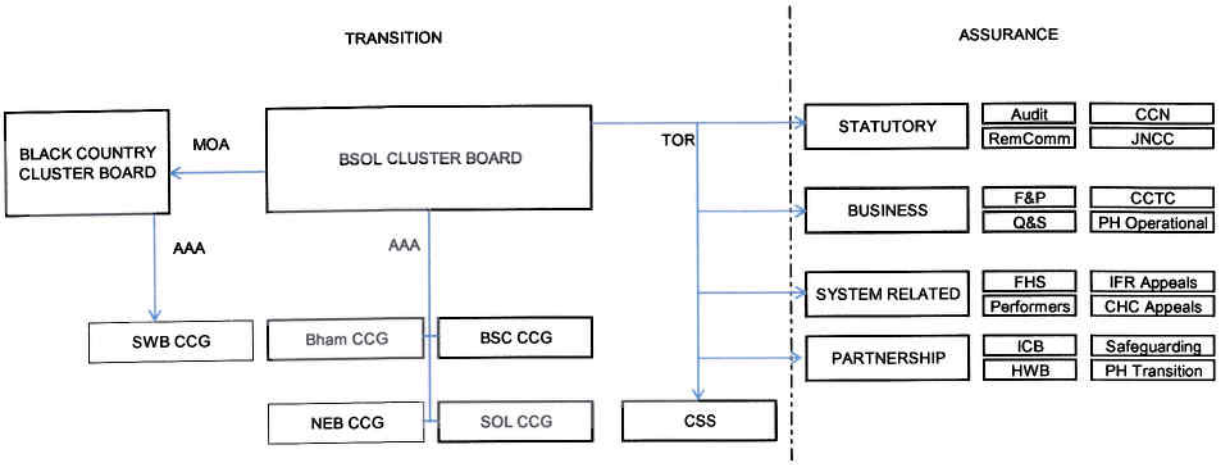
Accountable Officer : Wendy Saviour

Organisation: Birmingham East & North PCT

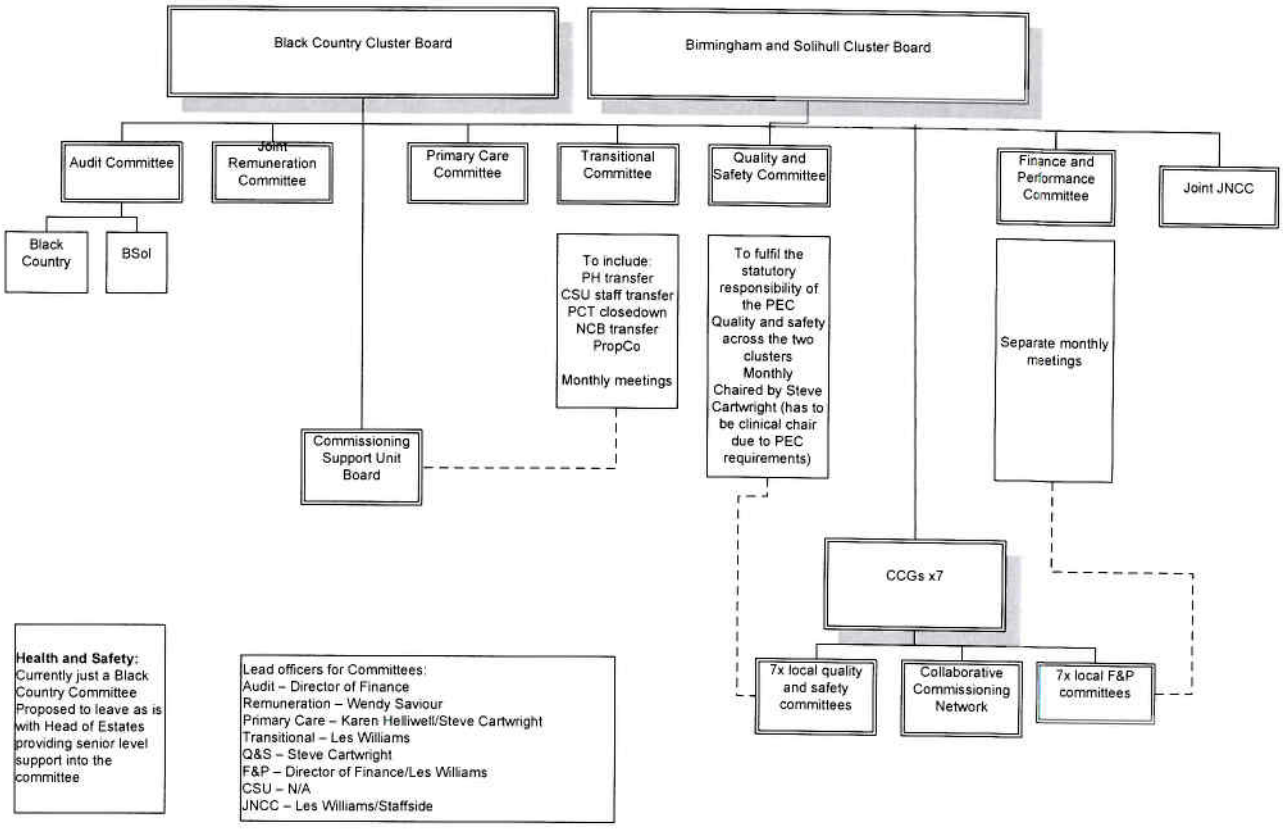
Signature W Saviour

Date 05/06/2013

Appendix 1: Board committee structure April – September 2012



Appendix 2: Board committee structure October 2012 – March 2013



Department of Health

NHS

Heart of Birmingham Primary Care Trust

2012-13 Accounts

Published to gov.uk, in PDF format only.

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Heart of Birmingham Primary Care Trust

2012-13 Accounts

Foreword to the Accounts

Heart of Birmingham Primary Care Trust

These accounts for the year ended 31st March 2013 have been prepared by the Heart of Birmingham Primary Care Trust under section 232 (Schedule 15, 3(1)) of the National Health Service Act 2006 in the form which the Secretary of State has, with the approval of the Treasury, directed.

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: WENDY SAVIOUR.

Date.....05/06/2013

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.

05/06/2013 Date ..... Signing Officer

05/06/2013 Date ..... Finance Signing Officer

INDEPENDENT AUDITOR'S REPORT TO THE DEPARTMENT OF HEALTH'S ACCOUNTING OFFICER IN RESPECT OF HEART OF BIRMINGHAM TEACHING PRIMARY CARE TRUST

We have audited the financial statements of Heart of Birmingham Teaching PCT 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. 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 that is subject to audit, being:

- the table of salaries and allowances of senior managers within the columns labelled 'Salary paid by Heart of Birmingham PCT' and related narrative notes within the section 'Pensions and Remuneration Report';
- the table of pension benefits of senior managers and related narrative notes within the section 'Pensions and Remuneration Report'; and
- the table entitled 'Remuneration of the highest paid individual – median remuneration' and related narrative notes specifically identified as relating to Heart of Birmingham PCT within the section 'Pensions and Remuneration Report'.

This report is made solely to the Department of Health's accounting officer in respect of Heart of Birmingham Teaching PCT 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 Department of Health's accounting officer and the Trust as a body, for our audit work, for this report, or for opinions we have formed.

Respective responsibilities of the signing officer, finance signing officer and auditor

As explained more fully in the Statement of Responsibilities, 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 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 Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trust;

and 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 Heart of Birmingham Teaching PCT 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 a reason to believe that the Trust, or an officer of the 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.

Other matters on which we are required to conclude

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice 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 and, having regard to the guidance issued by the Audit Commission, we have considered the results of the following:

- our review of the annual governance statement; and
- our detailed risk assessment.

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

Certificate

We certify that we have completed the audit of the financial statements of Heart of Birmingham Teaching PCT in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Grant Patterson
Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP

Colmore Plaza, 20 Colmore Circus, Birmingham B4 6AT

7 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	**15,100**	17,266
Other costs	5.1	**601,590**	587,803
Income	4	**(28,002)**	(27,083)
Net operating costs before interest		**588,688**	577,986
Investment income	9	**(38)**	(28)
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**2,925**	1,274
Net operating costs for the financial year		**591,575**	579,232
Administration Costs			
Gross employee benefits	7.1	**12,749**	13,464
Other costs	5.1	**13,331**	13,506
Income	4	**(4,926)**	(8,497)
Net administration costs before interest		**21,154**	**18,473**
Investment income	9	**0**	0
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**0**	0
Net administration costs for the financial year		**21,154**	**18,473**
Programme Expenditure			
Gross employee benefits	7.1	**2,351**	3,802
Other costs	5.1	**588,259**	574,297
Income	4	**(23,076)**	(18,586)
Net programme expenditure before interest		**567,534**	**559,513**
Investment income	9	**(38)**	(28)
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**2,925**	1,274
Net programme expenditure for the financial year		**570,421**	**560,759**

Other Comprehensive Net Expenditure	2012-13 £000	2011-12 £000
Impairments and reversals put to the Revaluation Reserve	**1,187**	(749)
Net (gain) on revaluation of property, plant & equipment	**(839)**	0
Net (gain) on revaluation of intangibles	**0**	0
Net (gain) on revaluation of financial assets	**0**	(109)
Net (gain)/loss on other reserves	**0**	0
Net (gain)/loss on available for sale financial assets	**0**	0
Net (gain) /loss on Assets Held for Sale	**0**	
Release of Reserves to Statement of Comprehensive Net Expenditure	**0**	
Net actuarial (gain)/loss on pension schemes	**0**	0
Reclassification Adjustments		
Reclassification adjustment on disposal of available for sale financial assets	**0**	0
Total comprehensive net expenditure for the year*	**591,923**	**578,374**

*This is the sum of the rows above plus net operating costs for the financial year after absorption accounting adjustments.
The notes on pages 5 to 45 form part of this account.

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	**55,602**	49,682
Intangible assets	13	**354**	59
investment property	15	**0**	0
Other financial assets	21	**738**	738
Trade and other receivables	19	**0**	0
Total non-current assets		**56,694**	50,479
Current assets:			
Inventories	18	**0**	0
Trade and other receivables	19	**10,552**	5,692
Other financial assets	36	**0**	0
Other current assets	22	**0**	0
Cash and cash equivalents	23	**219**	1
Total current assets		**10,771**	5,693
Non-current assets held for sale	24	**530**	530
Total current assets		**11,301**	6,223
Total assets		**67,995**	56,702
Current liabilities			
Trade and other payables	25	**(40,276)**	(33,483)
Other liabilities	26,28	**0**	0
Provisions	32	**(1,564)**	(1,839)
Borrowings	27	**(756)**	(557)
Other financial liabilities	36.2	**0**	0
Total current liabilities		**(42,596)**	(35,879)
Non-current assets less net current liabilities		**25,399**	20,823
Non-current liabilities			
Trade and other payables	25	0	0
Other Liabilities	28	0	0
Provisions	32	(3,775)	(4,112)
Borrowings	27	(30,879)	(22,586)
Other financial liabilities	36.2	0	0
Total non-current liabilities		**(34,654)**	(26,698)
Total Assets Employed:		**(9,255)**	(5,875)
Financed by taxpayers' equity:			
General fund		(15,776)	(12,744)
Revaluation reserve		6,521	6,869
Other reserves		0	0
Total taxpayers' equity:		**(9,255)**	(5,875)

The notes on pages 5 to 15 form part of this account.

The financial statements on pages *1 to 45* were approved by the Board on 05.06.13 and signed on its behalf by

Chief Executive: W Davies Date: 05.06.13

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	**(12,744)**	**6,869**	**0**	**(5,875)**
Changes in taxpayers' equity for 2012-13				
Net operating cost for the year	(591,575)			**(591,575)**
Net gain on revaluation of property, plant, equipment		839		**839**
Net gain on revaluation of intangible assets		0		**0**
Net gain on revaluation of financial assets		0		**0**
Net gain on revaluation of assets held for sale		0		**0**
Impairments and reversals		(1,187)		**(1,187)**
Movements in other reserves			0	**0**
Transfers between reserves*	0	0		**0**
Release of Reserves to SOCNE		0		**0**
Reclassification Adjustments				
Transfers between Revaluation Reserve & General Fund in respect of assets transferred under absorption	0	0		**0**
Net actuarial gain/(loss) on pensions	0		0	**0**
Total recognised income and expense for 2012-13	**(591,575)**	**(348)**	**0**	**(591,923)**
Net Parliamentary funding	588,543			**588,543**
Balance at 31 March 2013	**(15,776)**	**6,521**	**0**	**(9,255)**

Balance at 1 April 2011	**(13,396)**	**6011**	**0**	**(7,385)**
Changes in taxpayers' equity for 2011-12				
Net operating cost for the year	(579,232)			(579,232)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment		0		0
Net Gain / (loss) on Revaluation of Intangible Assets		0		0
Net Gain / (loss) on Revaluation of Financial Assets		109		109
Net Gain / (loss) on Assets Held for Sale		0		0
Impairments and Reversals		749		749
Movements in other reserves			0	0
Transfers between reserves*	0	0		0
Release of Reserves to Statement of Comprehensive Net Expenditure		0		0
Reclassification Adjustments				
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	0	0	0
On disposal of available for sale financial assets	0	0	0	0
Net actuarial gain/(loss) on pensions	0		0	0
Total recognised income and expense for 2011-12	(579,232)	858	0	(578,374)
Net Parliamentary funding	579,884			579,884
Balance at 31 March 2012	**(12,744)**	**6,869**	**0**	**(5,875)**

Statement of cash flows for the year ended 31 March 2013

	NOTE	2012-13 £000	2011-12 £000
Cash Flows from Operating Activities			
Net Operating Cost Before Interest		**(588,688)**	(577,986)
Depreciation and Amortisation		**3,163**	2,617
Impairments and Reversals		**668**	(963)
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		**(2,831)**	(1,173)
Release of PFI/deferred credit		**0**	0
(Increase)/Decrease in Inventories		**0**	0
(Increase)/Decrease in Trade and Other Receivables		**(4,860)**	(507)
(Increase)/Decrease in Other Current Assets		**0**	0
Increase/(Decrease) in Trade and Other Payables		**7,253**	(892)
(Increase)/Decrease in Other Current Liabilities		**0**	0
Provisions Utilised		**(4,701)**	(408)
Increase/(Decrease) in Provisions		**3,995**	1,760
Net Cash (Outflow) from Operating Activities		**(586,001)**	**(577,552)**
Cash flows from investing activities			
Interest Received		**38**	28
(Payments) for Property, Plant and Equipment		**(1,709)**	(2,061)
(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)		**0**	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		**(1,671)**	**(2,033)**
Net cash (outflow) before financing		**(587,672)**	**(579,585)**
Cash flows from financing activities			
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		**(653)**	(301)
Net Parliamentary Funding		**588,543**	579,884
Capital Receipts Surrendered		**0**	0
Capital grants and other capital receipts		**0**	0
Cash Transferred (to)/from Other NHS Bodies (free text note required)		**0**	0
Net Cash Inflow from Financing Activities		**587,890**	**579,583**
Net increase/(decrease) in cash and cash equivalents		**218**	**(2)**
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		**1**	**3**
Cash and Cash Equivalents (and Bank Overdraft) at year end		**219**	**1**

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 PCTs 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.

For 2012-13 the PCT is not a Corporate Trustee in relation to NHS Charitable Funds.

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.

1. Accounting for NHS LIFT schemes. The accounting treatment is dependent upon the expectation that the PCT will or will not exercise an option to purchase at the end of the lease period. PCT management view is that it is highly unlikely that the PCT will exercise its option to purchase, and consequently asset values have been based on the present value of minimum lease payments rather than Modern Equivalent Asset (MEA) valuations.

2. Valuation of PCT Premises. The PCT has agreed to use the District Valuer to inform its interim premises valuations.

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. Key sources of estimation uncertainty. There are considered to be no sources of estimation uncertainty that are likely to have a material effect on the PCT in future periods. Estimations have been made in respect of a number of accruals; these accruals have been calculated based on the best available information at the time, and on historic experience, principally in respect of certain elements of prescribing, dental and acute hospital contracts, and in establishing provisions.

2. In relation to liabilities for continuing healthcare claims, the amount of the provision has been calculated based on estimations of a sample of the claims received which have been used to ascribe claims to different categories reflecting the likelihood of payments to be made. The provision is then calculated by applying percentages to each category of claims using an average cost per week and per claim. We are satisfied that this method gives a fair estimate of the liability and that reasonable variations in the assumptions made do not have a material impact in the context of the accounts as a whole.

Going Concern

Under the provisions of *The Health and Social Care Act 2012 (Commencement No.4. Transitional, Savings and Transitory Provisions) Order 2013, Heart of Birmingham* PCT was dissolved on 1st April 2013. The PCT's functions, assets and liabilities transferred to other public sector entities as outlined in Note 42.1 *Events after the Reporting Period*. Where reconfigurations of this nature take place within the public sector, Government accounting requires that the activities concerned are to be considered as continuing operations, and so the closing entity prepares accounts on a "going concern" basis.

The SOFP has therefore been drawn up at 31 March 2013 on the same basis as in previous years, reporting balances on the same basis as would a continuing entity. In particular, there has been no general revaluation of assets or liabilities, and no disclosures have been made under IFRS 5 Non-current Assets Held for Sale and Discontinued Operation. Revaluations and impairments recognised in the period are part of the PCT's policy to undertake annual valuations of its estate.

1. Accounting policies (continued)

1.2 Revenue and Funding

The main source of funding for the Primary Care Trust is allocations (Parliamentary Funding) from the Department of Health within an approved cash limit, which is credited to the General Fund of the Primary Care Trust. 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 Primary Care Trust. 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 Care Trust Designation

Heart of Birmingham Primary Care Trust is not a Care Trust that is designated by the Secretary of State under s45 of the Health and Social Care Act 2001.

1.4 Pooled budgets

Heart of Birmingham PCT has entered into a pooled budget with Birmingham East and North PCT (BEN PCT) and South Birmingham PCT, under the flexibilities allowed under S.31 of the Health Act 1999. The pooled budget is for provision of a joint equipment store, mental health services and learning difficulties.

The pool is hosted by BEN 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.

Heart of Birmingham PCT has a pooled budget arrangement with Birmingham East and North PCT (BEN PCT) and South Birmingham PCT, established under S75 of the NHS Act 2006. The pooled budget is for commisisoning of mental health services.

The pool is hosted by BEN 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.

Heart of Birmingham PCT has a pooled budget arrangement with Birmingham City Council, which is lead by Birmingham East and North PCT (BEN PCT) on behalf of the Birmingham PCTs, and established under s75 of the NHS Act 2006. The pooled budget is for commisisoning of learning disability services.

The pool is hosted by Birmingham City Council. As a Commissioner of healthcare services, the PCT makes contributions to the pool, via BEN PCT, 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.

1.5 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.

1.6 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.

1. Accounting policies (continued)

1.7 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.

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. Accounting policies (continued)

1.8 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 demonstrated:

- 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.

1.9 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

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. Accounting policies (continued)

1.10 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.

This accounting policy change has been applied retrospectively and consequently the 2010-11 results have been restated.

1.11 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.

This accounting policy change has been applied retrospectively and consequently the 2010-11 results have been restated.

1.12 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.

1.13 Inventories

The PCT does not normally hold material inventories, however where material inventories are recorded they are valued at the lower of cost and net realisable value using the first-in first-out cost formula.

1.14 Cash and cash equivalents

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

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

1.15 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).

1.16 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. Accounting policies (continued)

1.17 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 except for leave earned but not yet taken which has not accrued been for at the year end, on the grounds of immateriality.

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.

1.18 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.

1.19 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.

1.20 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.

1.21 Part completed spells

The PCT is required to account for the impact of partially completed spells of inpatient activity, which recognises expenditure in respect of patients still receiving treatment at the end of the accounting period but not yet charged to the PCT. The expenditure is accrued on the basis of data provided by the PCTs main provider hospitals.

1. Accounting policies (continued)

1.22 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 trust. 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.

1.23 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.

1.24 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.

1.25 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 rates in real terms. For early departures this is 2.35%, for general provisions the discount rate depends on the expected timing of the cash flows; 0 to 5 years -1.8%; 6 to 10 years -1.0%; over 10 years +2.2%.

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. Accounting policies (continued)

1.26 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.

Financial assets at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Net Expenditure. The net gain or loss incorporates any interest earned on the financial asset.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

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.

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.

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.

1. Accounting policies (continued)

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.

Financial liabilities at fair value through profit and loss
Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Net Expenditure. The net gain or loss incorporates any interest earned on the financial asset.

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.

1.27 NHS LIFT transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes (including NHS LIFT) 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. The PCT therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:
a) Payment for the fair value of services received;
b) Payment for the PFI asset, including finance costs; and
c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

a) Services received
The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

b) LIFT assets, liabilities, and finance costs

LIFT assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at the present value of the minimum lease payments in accordance with the principles of IAS 17. Subsequently, the assets are measured at the current value of the minimum lease payments, determined by the interest rate implicit in the lease based on updated fair values.

A LIFT liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the present value of the minimum lease payments and is subsequently measured as a finance lease liability in accordance with IAS 17.

1. Accounting policies (continued)

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Net Expenditure.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Net Expenditure.

c) Lifecycle replacement
Components of the asset replaced by the operator during the contract ('lifecycle replacement') are charged in year to operating costs.

1. Accounting policies (continued)

1.28 Accounting Standards that have been issued but have not yet been 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 19 (Revised 2011) Employee Benefits
IAS 27 Separate Financial Statements - subject to consultation
IAS 28 Investments in Associates and Joint Ventures - subject to consultation
IAS 32 Financial Instruments: Presentation
IFRS 7 Financial Instruments: Disclosures
IFRS 9 Financial Instruments - subject to consultation - 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
IPSAS 32 - Service Concession Arrangement - subject to consultation

1.29 Practice Based Commissioning Savings.

The policy in respect of savings against Practice Based Commissioning budgets is to recognise commitments against these savings in the year when a proposal to use the savings is formally approved by the Board. At the point of approval an accrual will be made and subsequently released to match expenditure incurred.

2 Operating segments

The PCT divested the majority of its healthcare provider functions under the Department of Health initiative "Transforming Community Services" (TCS) during 2010/11, with the remaining areas transferred on 1st of April 2011, therefore for this financial year there are no operating segments.

The PCT receives most of its income as funding from the Department of Health. Birmingham East and North PCT accounts for 25%, and Sandwell and West Birmingham NHS Trust accounts for 16%, of the PCT's total expenditure as a result of the commissioning of healthcare services.

3. Financial Performance Targets

3.1 Revenue Resource Limit

	2012-13 £000	2011-12 £000
The PCTs' performance for the year ended 2012-13 is as follows:		
Total Net Operating Cost for the Financial Year		579,232
Net operating cost plus (gain)/loss on transfers by absorption	**591,575**	
Adjusted for prior period adjustments in respect of errors	**0**	0
Revenue Resource Limit	**593,896**	580,062
Underspend Against Revenue Resource Limit (RRL)	2,321	830

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	**10,733**	14,830
Charge to Capital Resource Limit	**10,394**	14,685
Underspend Against CRL	**339**	**145**

3.3 Provider full cost recovery duty

The PCT is not a Provider of services under the current definition (2011/12 not a provider).

3.4 Under/(Over)spend against cash limit

	2012-13 £000	2011-12 £000
Total Charge to Cash Limit	**588,543**	579,884
Cash Limit	**588,543**	579,884
Underspend Against Cash Limit	**0**	**0**

3.5 Reconciliation of Cash Drawings to Parliamentary Funding (current year)

	2012-13 £000
Total cash received from DH (Gross)	524,888
Less: Trade Income from DH	0
Less/(Plus): movement in DH working balances	0
Sub total: net advances	**524,888**
(Less)/plus: transfers (to)/from other resource account bodies (free text note required)	0
Plus: cost of Dentistry Schemes (central charge to cash limits)	12,811
Plus: drugs reimbursement (central charge to cash limits)	50,844
Parliamentary funding credited to General Fund	**588,543**

4 Miscellaneous Revenue

	2012-13 Total	2012-13 Admin	2012-13 Programme	2011-12
	£000	£000	£000	£000
Fees and Charges	**0**	0	0	0
Dental Charge income from Contractor-Led GDS & PDS	**1,224**		1,224	1,093
Dental Charge income from Trust-Led GDS & PDS	**0**		0	0
Prescription Charge income	**2,563**		2,563	2,457
Strategic Health Authorities	**744**	180	564	5
NHS Trusts	**3,895**	722	3,173	3,838
NHS Foundation Trusts	**1,711**	601	1,110	1,281
Primary Care Trusts Contributions to DATs	**5,118**		5,118	7,369
Primary Care Trusts - Other	**5,831**	1,131	4,700	2,996
Primary Care Trusts - Lead Commissioning	**2,041**	2,041	0	2,344
English RAB Special Health Authorities	**1**	1	0	0
NDPBs and Others (CGA)	**0**	0	0	0
Department of Health - SMPTB	**0**	0	0	0
Department of Health - Other	**17**	0	17	10
Recoveries in respect of employee benefits	**0**	0	0	402
Local Authorities	**500**	57	443	698
Patient Transport Services	**0**		0	0
Education, Training and Research	**399**	0	399	718
Non-NHS: Private Patients	**0**		0	0
Non-NHS: Overseas Patients (Non-Reciprocal)	**0**		0	0
NHS Injury Costs Recovery	**0**		0	0
Other Non-NHS Patient Care Services	**1,719**	0	1,719	1,792
Charitable and Other Contributions to Expenditure	**0**		0	0
Receipt of donated assets	**0**		0	0
Receipt of Government granted assets	**0**		0	0
Rental revemue from finance leases	**0**	0	0	0
Rental reenue from operating leases	**0**	0	0	103
Other revenue	**2,239**	193	2,046	1,977
Total miscellaneous revenue	**28,002**	**4,926**	**23,076**	**27,083**

1. Other income includes £1.49m (£1.2m in 11/12) relating to income from GP Practices for the use of premises for NHS services.

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	**166,212**		166,212	165,654
Non-Healthcare	**1,735**	1,735	0	826
Total	**167,947**	**1,735**	**166,212**	**166,480**
Goods and Services from Other NHS Bodies other than FTs				
Goods and services from NHS Trusts	**148,178**	48	148,130	141,921
Goods and services (other, excl Trusts, FT and PCT))	**89**	89	0	165
Total	**148,267**	**137**	**148,130**	**142,086**
Goods and Services from Foundation Trusts	**98,177**	46	98,131	110,897
Purchase of Healthcare from Non-NHS bodies	**17,023**		17,023	28,103
Social Care from Independent Providers	**0**		0	0
Expenditure on Drugs Action Teams*	**24,980**		24,980	1,758
Non-GMS Services from GPs	**0**	0	0	0
Contractor Led GDS & PDS (excluding employee benefits)	**14,453**		14,453	13,825
Salaried Trust-Led PDS & PCT DS (excluding employee benefits)	**0**		0	0
Chair, Non-executive Directors & PEC remuneration	**70**	70	0	93
Executive committee members costs	**754**	754	0	40
Consultancy Services	**816**	563	253	120
Prescribing Costs	**40,675**		40,675	42,316
G/PMS, APMS and PCTMS (excluding employee benefits)	**47,419**	0	47,419	47,614
Pharmaceutical Services	**0**		0	0
Local Pharmaceutical Services Pilots	**0**		0	0
New Pharmacy Contract	**12,836**		12,836	12,673
General Ophthalmic Services	**6,126**		6,126	5,975
Supplies and Services - Clinical	**480**	1	479	1,184
Supplies and Services - General	**1,832**	490	1,342	1,003
Establishment	**1,993**	1,690	303	1,773
Transport	**14**	8	6	12
Premises	**7,970**	1,782	6,188	8,839
Impairments & Reversals of Property, plant and equipment	**668**	0	668	(963)
Impairments and Reversals of non-current assets held for sale	**0**	0	0	0
Depreciation	**3,163**	916	2,247	2,607
Amortisation	**0**	0	0	10
Impairment & Reversals Intangible non-current assets	**0**	0	0	0
Impairment and Reversals of Financial Assets	**0**	0	0	0
Impairment of Receivables	**0**	0	0	20
Inventory write offs	**0**	0	0	0
Research and Development Expenditure	**0**	0	0	0
Audit Fees	**120**	120	0	154
Other Auditors Remuneration	**26**	26	0	15
Clinical Negligence Costs	**41**	0	41	108
Education and Training	**431**	343	88	452
Grants for capital purposes	**0**	0	0	0
Grants for revenue purposes	**0**	0	0	0
Impairments and reversals for investment properties	**0**	0	0	0
Other	**5,309**	4,650	659	609
Total Operating costs charged to Statement of Comprehensive Net Expenditure	**601,590**	**13,331**	**588,259**	**587,803**
Employee Benefits (excluding capitalised costs)				
Employee Benefits associated with PCTMS	**0**	0	0	0
Trust led PDS and PCT DS	**0**	0	0	0
PCT Officer Board Members	**754**	754	0	462
Other Employee Benefits	**14,346**	10,660	3,686	16,804
Total Employee Benefits charged to SOCNE	**15,100**	**11,414**	**3,686**	**17,266**
Total Operating Costs	**616,690**	**24,745**	**591,945**	**605,069**

Analysis of grants reported in total operating costs
There were no grants reported in the total operating costs for 2012/13 (nil 2011/12).

	Total	Commissioning Services	Public Health
PCT Running Costs 2012-13			
Running costs (£000s)	**19,819**	15,751	4,068
Weighted population (number in units)**	**306,394**	306,394	306,394
Running costs per head of population (£ per head)	**65**	**51**	**13**
PCT Running Costs 2011-12			
Running costs (£000s)	**18,617**	16,011	2,606
Weighted population (number in units)	**306,394**	306,394	306,394
Running costs per head of population (£ per head)	**61**	**52**	**9**

*In 2012-13 Expenditure on Drug Action Teams has been shown gross against that particular line, this is a change from the disclosure in 2011-12 where the expenditure was shown against FT's (approx £11m) and Non NHS Healthcare(approx £13.8m). It is considered that the approach adopted in 2012-13 gives a clearer disclosure as to the type of expenditure incurred.

** 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 calculating 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	47,419	47,615
Prescribing costs	40,675	42,316
Contractor led GDS & PDS	14,453	13,825
Trust led GDS & PDS	0	0
General Ophthalmic Services	6,126	5,975
Department of Health Initiative Funding	0	0
Pharmaceutical services	0	0
Local Pharmaceutical Services Pilots	0	0
New Pharmacy Contract	12,836	12,673
Non-GMS Services from GPs	0	0
Other	0	0
Total Primary Healthcare purchased	**121,509**	122,404
Purchase of Secondary Healthcare		
Learning Difficulties	8,879	9,076
Mental Illness	88,124	88,491
Maternity	21,422	21,446
General and Acute	221,877	217,964
Accident and emergency	11,887	11,652
Community Health Services	69,673	69,133
Other Contractual	2,036	3,888
Total Secondary Healthcare Purchased	**423,898**	421,650
Grant Funding		
Grants for capital purposes	0	0
Grants for revenue purposes	0	0
Total Healthcare Purchased by PCT	**545,407**	**544,054**
Healthcare from NHS FTs included above	102,231	99,867

6. Operating Leases

The PCT has a number of operating leases in place. These relate mainly to the provision of premises for the delivery of healthcare. Operating leases also exist in respect of reimbursement to GP Practices for the use of premises from which NHS services are provided and in respect of lease car arrangements for qualifying staff.

The significant operating leases in place include:

Premises	Renewal date	Purchase option
Bartholomew House, Edgbaston	24/12/2019	None
Bloomsbury Health Centre	17/12/2022	None
Boots, Birmingham City Centre	25/04/2018	None
Gee House, Aston	23/03/2016	None
CIBA Building, Edgbaston	01/04/2013	None
Soho Health Centre	31/01/2034	None
Norman Power Centre	15/11/2023	None
Crystal Court, Aston	31/08/2014	None
Midland Heart Tier 4, Hockley.	10/08/2034	None

The PCT has an agreement with Birmingham Community Healthcare NHS Trust which allows the Trust to use specified PCT premises in the delivery of community healthcare services. All properties of Heart of Birmingham PCT will transfer to successor bodies on the 1st April 2013 as detailed in note 42.

6.1 PCT as lessee

	Land £000	Buildings £000	Other £000	2012-13 Total £000	2011-12 £000
Payments recognised as an expense					
Minimum lease payments				**4,917**	5,162
Contingent rents				**0**	0
Sub-lease payments				**0**	0
Total				**4,917**	**5,162**
Payable:					
No later than one year	**17**	**4,900**	**22**	**4,939**	5,179
Between one and five years	**58**	**19,081**	**4**	**19,143**	19,228
After five years	**228**	**33,419**	**0**	**33,647**	33,053
Total	**303**	**57,400**	**26**	**57,729**	**57,460**
Total future sublease payments expected to be received				0	0

6.2 PCT as lessor

	2012-13 £000	2011-12 £000
Recognised as income		
Rental Revenue	**0**	103
Contingent rents	**0**	0
Total	**0**	103
Receivable:		
No later than one year	**103**	103
Between one and five years	**412**	412
After five years	**1,651**	1,651
Total	**2,166**	2,166

7. Employee benefits and staff numbers

7.1 Employee benefits

	2012-13			Permanently employed			Other		
	Total	Admin	Programme	Total	Admin	Programme	Total	Admin	Programme
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Employee Benefits Gross Expenditure 2012-13									
Salaries and wages	**10,556**	8,604	1,952	**10,080**	8,128	1,952	**476**	476	0
Social security costs	**872**	703	169	**872**	703	169	**0**	0	0
Employer Contributions to NHS BSA - Pensions Division	**1,189**	959	230	**1,189**	959	230	**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	**2,483**	2,483	0	**2,483**	2,483	0	**0**	0	0
Total employee benefits	**15,100**	**12,749**	**2,351**	**14,624**	**12,273**	**2,351**	**476**	**476**	**0**
Less recoveries in respect of employee benefits (2012/13 Nil, 2011/12 Nil)									
Total - Net Employee Benefits including capitalised costs	**15,100**	**12,749**	**2,351**	**14,624**	**12,273**	**2,351**	**476**	**476**	**0**
Employee costs capitalised	**0**	0	0	**0**	0	0	**0**	0	0
Gross Employee Benefits excluding capitalised costs	**15,100**	**12,749**	**2,351**	**14,624**	**12,273**	**2,351**	**476**	**476**	**0**
Recognised as:									
Commissioning employee benefits	**15,100**			**14,624**			**476**		
Provider employee benefits	**0**			**0**			**0**		
Gross Employee Benefits excluding capitalised costs	**15,100**			**14,624**			**476**		

	2012-13			Permanently employed			Other		
	Total	Admin	Programme	Total	Admin	Programme	Total	Admin	Programme
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Employee Benefits - Revenue									
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**

Employee Benefits - Prior- year

	Total	Permanently employed	Other
	£000	£000	£000
Employee Benefits Gross Expenditure 2011-12			
Salaries and wages	**12,449**	11,684	765
Social security costs	**914**	914	0
Employer Contributions to NHS BSA - Pensions Division	**1,371**	1,371	0
Other pension costs	**0**	0	0
Other post-employment benefits	**0**	0	0
Other employment benefits	**0**	0	0
Termination benefits	**2,532**	2,532	0
Total gross employee benefits	**17,266**	**16,501**	**765**
Less recoveries in respect of employee benefits	**(402)**	(402)	0
Total - Net Employee Benefits including capitalised costs	**16,864**	**16,099**	**765**
Employee costs capitalised	**0**	0	0
Gross Employee Benefits excluding capitalised costs	**17,266**	**16,501**	**765**
Recognised as:			
Commissioning employee benefits	**17,266**		
Provider employee benefits	**0**		
Gross Employee Benefits excluding capitalised costs	**17,266**		

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	**7**	7	0	**11**	11	0
Ambulance staff	**0**	0	0	**0**	0	0
Administration and estates	**245**	227	18	**267**	256	11
Healthcare assistants and other support staff	**0**	0	0	**13**	13	0
Nursing, midwifery and health visiting staff	**12**	12	0	**17**	17	0
Nursing, midwifery and health visiting learners	**0**	0	0	**0**	0	0
Scientific, therapeutic and technical staff	**2**	2	0	**3**	3	0
Social Care Staff	**0**	0	0	**0**	0	0
Other	**1**	1	0	**1**	1	0
TOTAL	**268**	**250**	**18**	**312**	**301**	**11**
Of the above - staff engaged on capital projects	**0**	0	0	**0**	0	0

7.3 Staff Sickness absence and ill health retirements

	2012-13 Number	2011-12 Number
Total Days Lost	**2,038**	**2,581**
Total Staff Years	**264**	**365**
Average working Days Lost	7.72	7.07

There were no retirements on ill health grounds during 2012/13 (2011/12 Nil)

7.4 Exit Packages agreed during 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	**5**	**5**	**10**	2	5	**7**
£10,001-£25,000	**11**	**4**	**15**	2	0	**2**
£25,001-£50,000	**7**	**12**	**19**	1	0	**1**
£50,001-£100,000	**6**	**15**	**21**	1	2	**3**
£100,001 - £150,000	**8**	**7**	**15**	0	0	**0**
£150,001 - £200,000	**0**	**0**	**0**	0	0	**0**
>£200,000	**1**	**0**	**1**	0	0	**0**
Total number of exit packages by type (total cost	**38**	**43**	**81**	**6**	**7**	**13**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Total resource cost	2,083	2,601	**4,684**	176	152	**328**

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 Mutually Agreed Resignation 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 agreed 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.

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 statement of comprehensive income at the time the PCT commits itself to the retirement, regardless of the method of payment.

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	**9,430**	**54,949**	11,799	50,745
Total Non-NHS Trade Invoices Paid Within Target	**8,593**	**47,880**	10,493	46,041
Percentage of NHS Trade Invoices Paid Within Target	91.12%	87.14%	88.93%	90.73%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**2,476**	**21,709**	2,722	19,667
Total NHS Trade Invoices Paid Within Target	**2,375**	**20,448**	2,681	18,765
Percentage of NHS Trade Invoices Paid Within Target	95.92%	94.19%	98.49%	95.41%

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.

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

There were no claims made under this legislation during 2012/13 (2011/12 Nil)		
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 £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	**38**	**0**	**38**	28
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	**38**	**0**	**38**	28
Total investment income	**38**	**0**	**38**	28

10. Other Gains and Losses

	Total £000	Admin £000	Programme £000	£000
Gain/(Loss) on disposal of assets other than by sale (PPE)	**0**	**0**	**0**	0
Gain/(Loss) on disposal of assets other than by sale (intangibles)	**0**	**0**	**0**	0
Gain/(Loss) on disposal of Financial Assets - other than held for sale	**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	**0**	**0**	**0**	0

There were no Other Gains and Losses during 2012/13 (2011/12 Nil)

11. Finance Costs

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Interest				
Interest on obligations under finance leases	**0**	**0**	**0**	0
Interest on obligations under PFI contracts:				
- main finance cost	**0**	**0**	**0**	0
- contingent finance cost	**0**	**0**	**0**	0
Interest on obligations under LIFT contracts:				
- main finance cost	**2,291**	**0**	**2,291**	1,019
- contingent finance cost	**540**	**0**	**540**	153
Interest on late payment of commercial debt	**0**	**0**	**0**	0
Other interest expense	**0**	**0**	**0**	**0**
Total interest expense	**2,831**	**0**	**2,831**	**1,172**
Other finance costs	**0**	**0**	**0**	0
Provisions - unwinding of discount	**94**		**94**	102
Total	**2,925**	**0**	**2,925**	**1,274**

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	**5,669**	**41,300**	**0**	**139**	**1,291**	**112**	**7,369**	**1,791**	**57,671**
Additions of Assets Under Construction				0					**0**
Additions Purchased	0	9,447	0		3	0	347	302	**10,099**
Additions Donated	0	139	0	(139)	0	0	0	0	**0**
Additions Government Granted	0	0	0	0	0	0	0	0	**0**
Additions Leased	0	0	0		0	0	0	0	**0**
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	(687)	0	0	(244)	0	(3,352)	0	**(4,283)**
Upward revaluation/positive indexation	0	839	0	0	0	0	0	0	**839**
Impairments/negative indexation	0	(1,187)	0	0	0	0	0	0	**(1,187)**
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**
Cumulative depreciation netted off cost following revaluation	0	(3,465)	0	0	0	0	0	0	**(3,465)**
At 31 March 2013	**5,669**	**46,386**	**0**	**0**	**1,050**	**112**	**4,364**	**2,093**	**59,674**
Depreciation									
At 1 April 2012	**0**	**1,721**	**0**	**0**	**816**	**112**	**4,755**	**585**	**7,989**
Reclassifications		0	0		0	0	0	0	**0**
Reclassifications as Held for Sale	0	0	0		0	0	0	0	**0**
Disposals other than for sale	0	(687)	0		(244)	0	(3,352)	0	**(4,283)**
Upward revaluation/positive indexation	0	0	0		0	0	0	0	**0**
Impairments	0	668	0	0	0	0	0	0	**668**
Reversal of Impairments	0	0	0	0	0	0	0	0	**0**
Charged During the Year	0	1,763	0		135	0	1,038	228	**3,163**
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	**0**
Cumulative depreciation netted off cost following revaluation	0	(3,465)	0	0	0	0	0	0	**(3,465)**
At 31 March 2013	**0**	**0**	**0**	**0**	**707**	**112**	**2,441**	**813**	**4,072**
Net Book Value at 31 March 2013	**5,669**	**46,386**	**0**	**0**	**343**	**0**	**1,923**	**1,280**	**55,602**
Purchased	5,669	46,386	0	0	343	0	1,923	1,280	**55,602**
Donated	0	0	0	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	0	0	0	**0**
Total at 31 March 2013	**5,669**	**46,386**	**0**	**0**	**343**	**0**	**1,923**	**1,280**	**55,602**
Asset financing:									
Owned	5,669	14,751	0	0	343	0	1,923	1,280	**23,967**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SOFP PFI contracts	0	31,635	0	0	0	0	0	0	**31,635**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
Total at 31 March 2013	**5,669**	**46,386**	**0**	**0**	**343**	**0**	**1,923**	**1,280**	**55,602**

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2012	**2,386**	**4,483**	**0**	**0**	**0**	**0**	**0**	**0**	**6,869**
Movements (specify)	0	(348)	0	0	0	0	0	0	**(348)**
At 31 March 2013	**2,386**	**4,135**	**0**	**0**	**0**	**0**	**0**	**0**	**6,521**

Additions to Assets Under Construction in 2012-13

there were no Assets Under Construction as at 31st March 2013 (2011/12 £139,000)

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	**6,003**	**27,861**	**0**	**29**	**1,291**	**112**	**6,228**	**1,276**	**42,800**
Additions - purchased	0	12,890	0	139	0	0	1,141	515	**14,685**
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	29	0	(29)	0	0	0	0	**0**
Reclassified as held for sale	(170)	(360)	0	0	0	0	0	0	**(530)**
Disposals other than by sale	0	0	0	0	0	0	0	0	**0**
Revaluation & indexation gains	0	0	0	0	0	0	0	0	**0**
Impairments	(131)	(179)	0	0	0	0	0	0	**(310)**
Reversals of impairments	0	1,059	0	0	0	0	0	0	**1,059**
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	**0**
Cumulative depreciation netted off cost following revaluation	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**5,702**	**41,300**	**0**	**139**	**1,291**	**112**	**7,369**	**1,791**	**57,704**
Depreciation									
At 1 April 2011	**0**	**1,405**	**0**		**698**	**100**	**3,745**	**430**	**6,378**
Reclassifications		0	0		0	0	0	0	**0**
Reclassifications as Held for Sale	0	0	0		0	0	0	0	**0**
Disposals other than for sale	0	0	0		0	0	0	0	**0**
Upward revaluation/positive indexation	0	0	0		0	0	0	0	**0**
Impairments	33	0	0	0	0	0	0	0	**33**
Reversal of Impairments	0	(996)	0	0	0	0	0	0	**(996)**
Charged During the Year	0	1,312	0		118	12	1,010	155	**2,607**
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	**0**
Cumulative depreciation netted off cost following revaluation	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**33**	**1,721**	**0**	**0**	**816**	**112**	**4,755**	**585**	**8,022**
Net Book Value at 31 March 2012	**5,669**	**39,579**	**0**	**139**	**475**	**0**	**2,614**	**1,206**	**49,682**
Purchased	5,334	37,236	0	139	475	0	2,614	1,116	**46,914**
Donated	0	0	0	0	0	0	0	0	**0**
Government Granted	335	2,343	0	0	0	0	0	90	**2,768**
At 31 March 2012	**5,669**	**39,579**	**0**	**139**	**475**	**0**	**2,614**	**1,206**	**49,682**
Asset financing:									
Owned	5,669	16,709	0	139	475	0	2,614	1,206	**26,812**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SOFP PFI contracts	0	22,870	0	0	0	0	0	0	**22,870**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**5,669**	**39,579**	**0**	**139**	**475**	**0**	**2,614**	**1,206**	**49,682**

12.3 Property, plant and equipment

12.3 Property, plant and equipment

The District Valuer's office provided valuations as at 31 March 2013 for the 2012/13 accounts and the details can be found in Note 1.7.

Recent years have seen significant fluctuations in the value of land and buildings. The PCT's policy is to undertake annual valuations of its estate, this financial year a formal valuation was undertaken in February 2013, with a valuation date of 31st March 2013. The review was undertaken by DVS Property Specialists, and the basis of the valuation is as follows:

"Public sector bodies including the NHS are required to apply the revaluation model set out in IAS 16 and value their capital assets to fair value.
Fair value is defined in IAS16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction. The fair value of land and buildings is usually determined from market-based evidence by appraisal undertaken by professionally qualified valuers.

The valuation of each property is therefore on the basis of Market Value. The Market Value used in arriving at fair value for your operational assets is therefore subject to the assumption that the property is sold as part of the continuing 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 because of the specialised nature of the property and the item is rarely sold, except as part of a continuing business, fair value is estimated using a depreciated replacement cost approach subject to the assumption of continuing use."

Assets acquired through the NHS LIFT arrangements are held at the present value of the minimum lease payments associated with the premises concerned which have been updated using revised fair value valuations provided by the DVS.

Asset Lives

Property, Plant and Equipment	Min life Years	Max life Years
Buildings exc Dwellings	1	60
Dwellings	0	0
Plant & Machinery	1	14
Transport Equipment	0	0
Information Technology	1	4
Furniture and Fittings	1	11
Software Licences	1	3

13.1 Intangible non-current assets

2012-13	Software internally generated	Software purchased	Licences & trademarks	Patents	Development expenditure	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2012	**0**	**172**	**0**	**0**	**0**	**172**
Additions - purchased	0	295	0	0	0	**295**
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**
Additions Leased	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	0	0	0	0	**0**
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 2013	**0**	**467**	**0**	**0**	**0**	**467**
Amortisation						
At 1 April 2012	**0**	**113**	**0**	**0**	**0**	**113**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
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	0	0	0	0	**0**
In-year transfers to NHS bodies	0	0	0	0	0	**0**
At 31 March 2013	**0**	**113**	**0**	**0**	**0**	**113**
Net Book Value at 31 March 2013	**0**	**354**	**0**	**0**	**0**	**354**
Net Book Value at 31 March 2013 comprises						
Purchased	0	354	0	0	0	**354**
Donated	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	**0**
Total at 31 March 2013	**0**	**354**	**0**	**0**	**0**	**354**

Revaluation reserve balance for intangible non-current assets

	Software internally generated	Software purchased	Licences & trademarks	Patents	Development expenditure	Total
	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2012	**0**	**0**	**0**	**0**	**0**	**0**
Movements (specify)	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
At 1 April 2011	**0**	**172**	**0**	**0**	**0**	**172**
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	0	0	0	0	**0**
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**
Cumulative dep netted off cost following revaluation	0	0	0	0	0	**0**
At 31 March 2012	**0**	**172**	**0**	**0**	**0**	**172**
Amortisation						
At 1 April 2011	**0**	**103**	**0**	**0**	**0**	**103**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
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	10	0	0	0	**10**
In-year transfers to NHS bodies	0	0	0	0	0	**0**
Less cumulative dep written down on revaluation	0	0	0	0	0	**0**
At 31 March 2012	**0**	**113**	**0**	**0**	**0**	**113**
Net Book Value at 31 March 2012	**0**	**59**	**0**	**0**	**0**	**59**
Net Book Value at 31 March 2012 comprises						
Purchased	0	59	0	0	0	**59**
Donated	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	**0**
Total at 31 March 2012	**0**	**59**	**0**	**0**	**0**	**59**

13.3 Intangible non-current assets

The PCT has no internally generated intangible fixed assets. The assets are computer software, the useful life of which are up to 3 years, and amortisation is based on this expected life.

Revaluations of these assets is not undertaken, because their value is not material to the PCT, and the insignificant fluctuations in value would have no material impact upon the PCT's financial position. The costs of identifying suitable valuation methods would exceed the likely impact, and as such is excluded under IAS 16. The assets are therefore held at depreciated historic cost.

Economic Lives of Non-Current Assets

	Min Life Years	Max Life Years
Intangible Assets		
Software Licences	1	3
Licences and Trademarks	0	0
Patents	0	0
Development Expenditure	0	0

Open Market Value of Assets at balance sheet date	Land	Buildings excl. dwellings	Total
	£000s	£000s	£000s
Open Market Value at 31 March 2013	0	0	0
Open Market Value at 31 March 2012	0	0	0

14. Analysis of impairments and reversals recognised in 2012-13

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000
Property, Plant and Equipment impairments and reversals taken to SoCNE			
Changes in market price	668		668
Total charged to Annually Managed Expenditure	**668**		**668**
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve			
Changes in market price	1,187		
Total impairments for PPE charged to reserves	**1,187**		
Total Impairments of Property, Plant and Equipment	**1,855**	**0**	**668**
Total Impairments charged to Revaluation Reserve	1,187		
Total Impairments charged to SoCNE - AME	668		668
Overall Total Impairments	**1,855**	**0**	**668**

DVS was commissioned to provide a formal property valuation, including LIFT properties, with a valuation date of 31 March 2013. This resulted in :
- a downward PCT building valuation of £1,691,000. Of this £1,187,000 was charged to the revaluation reserve and £504,000 was charged to operating costs.

- a downward LIFT buildings revaluation of £164,000 was charged to operating costs.

15 Investment property

The PCT has no investment property.

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**	8,920
Intangible assets	**0**	0
Total	**0**	8,920

16.2 Other financial commitments

The PCT has not entered into any non-cancellable contracts which are not already disclosed elsewhere in the accounts.

17 Intra-Government and other balances

	Current receivables £000s	**Non-current receivables £000s**	**Current payables £000s**	**Non-current payables £000s**
Balances with other Central Government Bodies	9,064	0	11,014	0
Balances with Local Authorities	0	0	577	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	943	0	5,165	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	545	0	23,520	0
At 31 March 2013	**10,552**	**0**	**40,276**	**0**
prior period:				
Balances with other Central Government Bodies	2,004	0	494	0
Balances with Local Authorities	204	0	67	0
Balances with NHS Trusts and Foundation Trusts	1,803	0	7,026	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	1,681	0	25,896	0
At 31 March 2012	**5,692**	**0**	**33,483**	**0**

18 Inventories

The PCT has no inventories (nil in 11/12).

19.1 Trade and other receivables

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
NHS receivables - revenue	**9,434**	3,127	**0**	0
NHS prepayments and accrued income	**0**	680	**0**	0
Non-NHS receivables - revenue	**211**	318	**0**	0
Non-NHS prepayments and accrued income	**353**	1,217	**0**	0
Provision for the impairment of receivables	**(9)**	(40)	**0**	0
VAT	**563**	403	**0**	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	**0**	0	**0**	0
Interest receivables	**0**	0	**0**	0
Finance lease receivables	**0**	0	**0**	0
Operating lease receivables	**0**	0	**0**	0
Other receivables	**0**	(13)	**0**	0
Total	**10,552**	5,692	**0**	0
Total current and non current	**10,552**	5,692		

The great majority of trade is with other NHS bodies, including other Primary Care Trusts as commissioners for NHS patient care services. As Primary Care Trusts 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	31 March 2012
	£000	£000
By up to three months	**99**	136
By three to six months	**0**	257
By more than six months	**8**	519
Total	**107**	912

19.3 Provision for impairment of receivables

	2012-13	**2011-12**
	£000	**£000**
Balance at 1 April 2012	**(40)**	(20)
Amount written off during the year	**31**	-
Amount recovered during the year	**-**	(20)
(Increase)/decrease in receivables impaired	**-**	-
Balance at 31 March 2013	**(9)**	(40)

20 NHS LIFT investments

	Loan	Share capital	Total
	£000	£000	£000
Balance at 1 April 2012	**735**	**2**	**737**
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 2013	**735**	**2**	**737**
Balance at 1 April 2011	626	2	628
Additions	0	0	0
Disposals	0	0	0
Loan repayments	0	0	0
Revaluations	109	0	109
Loans repayable within 12 months	0	0	0
Balance at 31 March 2012	**735**	**2**	**737**

The PCT's share of the fixed rate subordinated loan balance has been revalued to take account of the rolled up interest earned during the construction phase for the schemes.

21.1 Other financial assets - Current

	31 March 2013	31 March 2012
	£000	£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	31 March 2012
	£000	£000
Opening balance 1 April	**738**	738
Total Other Financial Assets - Non Current	**738**	738

21.3 Other Financial Assets - Capital Analysis

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

22 Other current assets

The PCT has no other current assets (2011/12 Nil).

23 Cash and Cash Equivalents

	31 March 2013	31 March 2012
	£000	£000
Opening balance	**1**	3
Net change in year	**218**	(2)
Closing balance	**219**	1
Made up of		
Cash with Government Banking Service	**219**	1
Commercial banks	**0**	0
Cash in hand	**0**	0
Current investments	**0**	0
Cash and cash equivalents as in statement of financial position	**219**	1
Cash and cash equivalents as in statement of cash flows	**219**	1
Patients' money held by the PCT, not included above	**0**	0

24 Non-current assets held for sale

	Land	Buildings, excl. dwellings	Total
	£000	£000	£000
Balance at 1 April 2012	170	360	**530**
Plus assets classified as held for sale in the year	0	0	**0**
Less assets sold in the year	0	0	**0**
Less impairment of assets held for sale	0	0	**0**
Plus reversal of impairment of assets held for sale	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	**0**
Transfers (to)/from other public sector bodies	0	0	**0**
Revaluation	0	0	**0**
Balance at 31 March 2013	**170**	**360**	**530**
Liabilities associated with assets held for sale at 31 March 2013	**0**	**0**	**0**
			0
Balance at 1 April 2011	0	0	**0**
Plus assets classified as held for sale in the year	170	360	**530**
Less assets sold in the year	0	0	**0**
Less impairment of assets held for sale	0	0	**0**
Plus reversal of impairment of assets held for sale	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	**0**
Balance at 31 March 2012	**170**	**360**	**530**
Liabilities associated with assets held for sale at 31 March 2012	0	0	**0**

Revaluation reserve balances in respect of non-current assets held for sale were:

At 31 March 2012	0
At 31 March 2013	0

The Newtown Healthcentre was proposed for sale to GP's to enable longer term redevolpment alongside the neighbouring shopping precinct providing a new Healthcentre for the locality which is subject to delay.

25 Trade and other payables

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Interest payable	**0**	0		
NHS payables - revenue	**14,835**	5,003	**0**	0
NHS payables - capital	**0**	0	**0**	0
NHS accruals and deferred income	**672**	2,517	**0**	0
Family Health Services (FHS) payables	**12,571**	15,384		
Non-NHS payables - revenue	**1,330**	1,401	**0**	0
Non-NHS payables - capital	**251**	711	**0**	0
Non_NHS accruals and deferred income	**9,945**	7,930	**0**	0
Social security costs	**122**	136		
VAT	**0**	0	**0**	0
Tax	**550**	155		
Payments received on account	**0**	0	**0**	0
Other	**0**	246	0	0
Total	**40,276**	33,483	**0**	0
Total payables (current and non-current)	**40,276**	**33,483**		

26 Other liabilities

The PCT has no other liabilities as at 31st march 2013 (nil in 2011/12).

27 Borrowings

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
LIFT liabilities:				
Main liability	**756**	557	**30,879**	22,586
Total	**756**	**557**	**30,879**	**22,586**
Total other liabilities (current and non-current)	**31,635**	**23,143**		

Borrowings/Loans - Payment of Principal Falling Due in:

	DH	**Other**	**Total**
	£000s	**£000s**	**£000s**
0 - 1 Years	0	756	**756**
1 - 2 Years	0	743	**743**
2 - 5 Years	0	2,167	**2,167**
Over 5 Years	0	27,969	**27,969**
TOTAL	**0**	**31,635**	**31,635**

28 Other financial liabilities

There are no other financial liabilities (2011/12 Nil).

29 Deferred income

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Opening balance at1 April 2012	**92**	408	**0**	0
Deferred income addition	**159**	92	**0**	0
Transfer of deferred income	**0**	(408)	**0**	0
Current deferred Income at 31 March 2013	**251**	92	**0**	0
Total other liabilities (current and non-current)	**251**	**92**		

30 Finance lease obligations

The PCT has no Finance Lease obligations. Details of obligations under NHS LIFT schemes are disclosed at note 34.

31 Finance lease receivables as lessor

The PCT has no Finance Lease receivables (2011/12 Nil)

32 Provisions

Comprising:

	Total	Pensions to Former Directors	Pensions Relating to Other Staff	Legal Claims	Restructuring	Continuing Care	Equal Pay	Agenda for Change	Other	Redundancy
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2012	**5,951**	0	2,291	0	0	564	0	0	836	2,260
Arising During the Year	**4,108**	0	0	0	0	1,179	0	0	446	2,483
Utilised During the Year	**(4,701)**	0	(360)	0	0	0	0	0	(8)	(4,333)
Reversed Unused	**(113)**	0	0	0	0	0	0	0	(113)	0
Unwinding of Discount	**94**	0	65	0	0	12	0	0	17	0
Change in Discount Rate	**0**	0	0	0	0	0	0	0	0	0
Transferred (to)/from otherPublic Sector bodies	**0**	0	0	0	0	0	0	0	0	0
Balance at 31 March 2013	**5,339**	**0**	**1,996**	**0**	**0**	**1,755**	**0**	**0**	**1,178**	**410**
Expected Timing of Cash Flows:										
No Later than One Year	**1,564**	**0**	**360**	**0**	**0**	**0**	**0**	**0**	**794**	**410**
Later than One Year and not later than Five Years	**3,295**	**0**	**1,440**	**0**	**0**	**1,755**	**0**	**0**	**100**	**0**
Later than Five Years	**480**	**0**	**196**	**0**	**0**	**0**	**0**	**0**	**284**	**0**

Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:	
As at 31 March 2013	13
As at 31 March 2012	304

Other provisions include:

- The £1,995k provision for pensions relating to other staff was inherited from the PCT's predecessor organisation and covers the cost of early retirements resulting from restructuring in the health economy before 1995. Cashflows and timings in respect of this provision are relatively constant.

- The £1,755k provision for continuing care relates to potential claims for nursing home restitution payments. Potential liabilities relate to costs currently classed as social care costs that may on appeal be deemed to be healthcare costs and therefore the liability of the PCT rather than the local authority. The provision includes estimates in respect of claims submitted in advance of the notified deadline of 30.09.12.

- £844k in respect of dilapidations costs at Bartholomew House, William Booth Centre, Crystal Court, Gee Business Centre, The CIBA building . Potential liabilities relate to the possibility that leases may be terminated at the break clause dates and the cost of reinstating the condition of the premises where leases will be terminated.

- The £410k provision for redundancy relates to the impact of efficiency requirements as a result of current NHS changes.

- £166k relating to potential liability for employer costs in respect of payment arrangements relating to GP consortia.

-£160k in respect of PCT closedown costs.

- £8k is included in the other provisions based on information from the NHS Litigation Authority at 31/3/2013 in respect of personal injury claims.

33 Contingencies

	31 March 2013	31 March 2012
	£000	£000
Contingent liabilities		
Equal Pay	**0**	0
Other	**(4,796)**	(600)
Net Value of Contingent Liabilities	**(4,796)**	(600)

Contingencies of £4,796k include:
- £13k as notified by the NHSLA
- £350k UHBT Sexual Health TCS transfer
-£124k HEFT Sexual Health TCS transfer
-£4,309k Continuing Healthcare claims

34 LIFT - additional information

The PCT has five NHS LIFT agreements with Birmingham and Solihull Solutions (BaS Lift Ltd - Birmingham & Solihull LIFTCo), the PCTs LIFT company. The contracts are similar in nature, and are in respect of :

-Finch Road Primary Care Centre - Operational 2007/08

-Summerfield Primary Care Centre - Operational 2007/08

-Sparkhill Primary Care Centre - Operational 2011/12

-Sparkbrook Primary Care Centre (Farm Road) - Operational 2011/12

-Attwood Green Primary Care Centre - Operational 2012-13

The arrangements are for the provision of four health centres and associated "hard" facilities management ie repairs and maintenance.

- The contract provides for lease plus agreement payments to be uplifted on an annual basis in line with any increases in the retail price index from the base index specified in the contract. The payments may also increase for any additions to the facilities management and lifecycle costs elements of the contract resulting from any modifications to the building.

- the PCT has a right to use the assets for the lease period of 25 years

- The contract includes payments in respect of lifecycle costs associated with maintaining the building to the specified standard

- there have been no changes occuring to the arrangement in the reporting period.
- under IFRIC 12, the asset is treated as an asset of the PCT, the substance of the contract is that the PCT has a finance lease and payments comprise two elements – imputed finance lease charges and service charges.
The total charged in the year to expenditure in respect of the service element of on-statement of financial position LIFT contracts was £911k (prior year £349k), see below:

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**	0
Service element of on SOFP LIFT charged to operating expenses in year	**911**	349
Total	**911**	349

	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.		
Analysesd by when LIFT Scheme payments are due:		
No Later than One Year	**1,069**	681
Later than One Year, No Later than Five Years	**5,451**	3,693
Later than Five Years	**35,037**	25,255
Total	**41,557**	29,629

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:

	31 March 2013	31 March 2012
	£000	£000
Estimated capital value of project - off SOFP LIFT	0	0
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	**3,561**	2,649
Later than One Year, No Later than Five Years	**13,469**	9,909
Later than Five Years	**56,684**	42,062
Subtotal	**73,714**	54,620
Less: Interest Element	**(42,079)**	(31,477)
Total	**31,635**	23,143

35 Impact of IFRS treatment - 2012-13

	Total	Admin	Programme
	£000	£000	£000
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g LIFT/PFI)			
Depreciation charges	**778**	778	0
Interest Expense	**0**	0	0
Impairment charge - AME	**0**		0
Impairment charge - DEL	**0**	0	0
Other Expenditure	**0**	0	0
Revenue Receivable from subleasing	**0**	0	0
Total IFRS Expenditure (IFRIC12)	**778**	**778**	**0**
Revenue consequences of LIFT/PFI schemes under UK GAAP / ESA95 (net of any sublease income)	**0**	0	0
Net IFRS change (IFRIC12)	**778**	**778**	**0**

Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12	
Capital expenditure 2012-13	9,145
UK GAAP capital expenditure 2012-13 (Reversionary Interest)	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/Trust is 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' £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0			**0**
Receivables - NHS		9,434		**9,434**
Receivables - non-NHS		211		**211**
Cash at bank and in hand		219		**219**
Other financial assets	0	0	738	**738**
Total at 31 March 2013	**0**	**9,864**	**738**	**10,602**
Embedded derivatives	0			0
Receivables - NHS		3,127		3,127
Receivables - non-NHS		385		385
Cash at bank and in hand		1		1
Other financial assets	0	0	738	738
Total at 31 March 2012	0	3,513	738	4,251

36.2 Financial Liabilities	At 'fair value through profit and loss' £000	Other £000	Total £000
Embedded derivatives	0		**0**
NHS payables		14,835	**14,835**
Non-NHS payables		1,330	**1,330**
Other borrowings		0	**0**
PFI & finance lease obligations		31,635	**31,635**
Other financial liabilities	0	0	**0**
Total at 31 March 2013	**0**	**47,800**	**47,800**
Embedded derivatives	0		0
NHS payables		7,558	7,558
Non-NHS payables		25,296	25,296
Other borrowings		0	0
PFI & finance lease obligations		23,143	23,143
Other financial liabilities	0	0	0
Total at 31 March 2012	**0**	55,997	55,997

37 Related party transactions

Details of related party transactions with individuals are as follows:

The Department of Health is regarded as a related party. During the year Heart of Birmingham PCT has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. *For example* :

Strategic health Authorities
NHS Foundation Trusts
NHS Trusts
NHS Litigation Authority
NHS Business Services Authority

In addition, the PCT has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with Birmingham City Council in respect of joint enterprises.

Board Member / Senior Manager	Organisation	Position in related organisation	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
			£	£	£	£
Rod Anthony	Audit Commission	Finance and Efficiency Advisory Group Member	48,584	0	0	0
Rachel Hardy	University Hospitals Coventry And Warwickshire NHS Trust	Husband is Chief Executive	165,000	20,000	0	183,000
Barry Henley	Birmingham City Council	Elected member	6,955,000	412,000	571,000	0
Peter Spilsbury	University of Birmingham	Honorary Fellow	256,305	0	72	0
John Taylor	BaS Lift Ltd (Birmingham & Solihull LIFTCo)	Chair	4,240,154	0	14,073	0
Anand Chitnis	NHS West Midlands	GP Trainer	76,000	952,000	90,000	0
Andrew Coward	Kings Norton Surgery	GP – Senior Partner; Wife a GP at this practice	19,285	0	0	0
Dr Nick Harding	Vitality Partnership	Partner and director of subsidiary companies	4,944,916	0	0	0

Note: Payment and receipts relating to NHS bodies & other government departments reflect Income and Expenditure as per the 2012/13 Agreement of Balances process.
The value of payments shown for Board Members/Senior Managers reflects the value of transactions the Heart of Birmingham PCT has had with the relevant organisation and not the individual identified.

The Department of Health is regarded as a related party. During the year Heart of Birmingham Primary Care Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. For example:

2012-13	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£000's	£000's	£000's	£000's
West Midlands Strategic Health Authority	76	952	90	0
NHS Litigation Authority	0	1	0	0
Birmingham East and North PCT	153,871	6,150	8,461	6,264
Coventry PCT	161	131	0	0
Dudley PCT	162	51	0	0
Sandwell PCT	355	218	862	95
Solihull PCT	17	83	0	0
South Birmingham PCT	4,601	5,599	668	2,032
Stoke-on-Trent PCT	9,049	50	0	47
Walsall Teaching PCT	32	117	2	0
Warwickshire PCT	130	125	48	0
Birmingham Community Healthcare Trust	44,399	3,435	0	61
Coventry And Warwickshire Partnership NHS Trust	44	0	10	0
Sandwell and West Birmingham Hospitals NHS Trust	92,196	38	742	9
Birmingham and Solihull Mental Health Foundation Trust	9,352	16	1,013	0
Birmingham Childrens Hospital NHS Foundation	17,229	360	1,167	64
Birmingham Womens NHS Foundation Trust	11,438	24	738	0
Heart of England NHS Foundation Trust	30,183	464	350	0
Royal Orthopaedic Hospital NHS Foundation Trust	2,779	0	0	112
South Staffordshire Healthcare NHS Foundation	2,152	0	43	0
University Hospital Birmingham NHS Foundation	30,794	501	170	366
West Midlands Ambulance Service Foundation Trust	11,621	0	96	0

In addition the Primary Care trust has had a number of material transactions with other government departments and other central & local government bodies.
Most of these transactions have been with:

Related Party	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£000's	£000's	£000's	£000's
Birmingham City Council	6,955	412	571	0
Solihull Metropolitan Borough Council	30	11	0	0

2011-12

Board Member / Senior Manager	Organisation	Position in related organisation	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
			£	£	£	£
Denise Mclellan	*Maidstone& Tunbridge Wells Hospital*	*Sister is a Manager*	0	0	0	667
	NHS Walsall	*Employer*	35,812	0	0	68,479
Rod Anthony	*Audit Commission; Finance & Efficiency Advisory Group*	*Member (from 26 May 2010)*	154,422	0	28,649	0
	NHS Institute For Innovation & Improvement	*Director*	700	0	700	0
Rachel Hardy	*University Hospitals Coventry And Warwickshire NHS Trust*	*Husband is Chief Executive*	351.587	27,760	4,310	16,889
Peter Spilsbury	*University of Birmingham, Health Services Management Centre,*	*Honorary Fellow*	134,426	20	163	0
John Taylor	*BaS Lift Ltd*	*Chair*	1,997,131	0	195,616	0
Nicola Benge	*Leicestershire NHS Cluster*	*Partner is a Director*	881	805	881	0
Barry Henley	*Birmingham City Council*	*Elected Member (ongoing)*	7,679,795	698,201	67,094	203,890
Brendan O'Brien	*BT PLC*	*Employee*	217,192	0	32,691	0
	Heart of England NHS Trust	*Wife & Daughter Employees*	29,156,842	201,895	291,997	45,976
	Birmingham City University	*Honorary Fellow*	28,424	0	0	0
Christine Barve	*CJB Consulting*	*Managing Director*	58,752	0	0	0
Noreen Dowd	*Noreen Dowd Consulting Ltd*	*Managing Director*	167,051	0	17,279	0
Jim Birrell	*J Birrell Ltd*	*Managing Director*	96,965	0	4,624	0
Peter Hay	*Birmingham City Council*	*Strategic Director*	As Above	As Above	As Above	As Above
Cllr Sue Anderson	*Birmingham City Council*	*Elected Member (ongoing)*	As Above	As Above	As Above	As Above
Cllr Bob Sleigh	*Solihull Metropolitan Borough Council*	*Elected Member (ongoing)*	900	0	0	0
	Solihull Metropolitan Borough Council	*Deputy Leader & Cabinet Member For Health & Well-being (from 25th May 2011)*	As Above	As Above	As Above	As Above
	Solihull Metropolitan Borough Council	*Lay Mental Health Act Manager*	As Above	As Above	As Above	As Above
	Birmingham & Solihull Mental Health Foundation Trust	*Lay Mental Health Act Manager*	17,643,321	52,914	307,410	26,259
	Birmingham Children's Hospital	*Lay Mental Health Act Manager*	19,379,396	261,999	884,637	130,534
Dave Martin	*Solihull Metropolitan Borough Council*	*Interim Director of Adult Social Services*	As Above	As Above	As Above	As Above
Lesley Heale	*Solihull Metropolitan Borough Council*	*Director of People*	As Above	As Above	As Above	As Above
Sharon Bailey	*Solihull Metropolitan Borough Council*	*Acting Director of People*	As above	As above	As above	As above

Note: Payment and receipts relating to NHS bodies & other government departments reflect Income and Expenditure as per the 2011/12 Agreement of Balances process.

The Department of Health is regarded as a related party. During the year Heart of Birmingham Primary Care Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. For example:

2011-12	Payments to Related Party £000's	Receipts from Related Party £000's	Amounts owed to Related Party £000's	Amounts due from Related Party £000's
West Midlands Strategic Health Authority	172	581	354	157
Health Protection Agency	63	0	0	0
NHS Institute of Innovation & Improvement	1	0	1	0
NHS Litigation	87	0	0	0
Birmingham East and North PCT	167,476	7,519	135	1,513
Coventry PCT	156	24	0	24
Dudley PCT	190	0	30	0
Solihull PCT	60	67	6	53
South Birmingham PCT	750	4,847	97	61
Warwickshire PCT	67	0	0	0
Birmingham Community Healthcare Trust	46,750	3,361	561	946
Coventry And Warwickshire Partnership NHS Trust	43	0	12	0
Sandwell and West Birmingham Hospitals NHS Trust	93,935	31	3,135	1
West Midlands Ambulance Service	34	0	7	0
Birmingham and Solihull Mental Health Foundation Trust	17,643	53	307	26
Birmingham Childrens Hospital NHS Foundation Trust	19,379	262	884	131
Birmingham Womens NHS Foundation Trust	8,450	13	66	7
Heart of England NHS Foundation Trust	29,156	202	292	46
Royal Orthopaedic Hospital NHS Foundation Trust	3,401	0	46	0
South Staffordshire Healthcare NHS Foundation Trust	2,602	3	207	0
University Hospital Birmingham NHS Foundation Trust	29,056	477	1,063	418

In addition the Primary Care trust has had a number of material transactions with other government departments and other central & local government bodies.
Most of these transactions have been with:

Related Party	Payments to Related Party £000's	Receipts from Related Party £000's	Amounts owed to Related Party £000's	Amounts due from Related Party £000's
Birmingham City Council	7,680	698	67	204
Solihull Metropolitan Borough Council	1	0	0	0
NHS Pensions Agency	2,050	0	163	0

38 Losses and special payments

There were no losses or special payments during 2012/13 (2011/12, 30 losses - PCT management costs, £14,000)

39 Third party assets

The PCT held no cash or cash equivalents at 31st of March 2013 on behalf of patients (nil at 31st March 2012)

40 Pooled budget

Heart of Birmingham PCT has a pooled budget arrangement with Birmingham East and North PCT and South Birmingham PCT for Mental Health Services, Learning Difficulties and a Joint Equipment Store. Birmingham East and North PCT is the host.

	2012-13	2011-12
	£000	£000
Mental Health Services		
The contribution for Heart of Birmingham PCT for Mental Health Services	44,182	43,542
Learning Difficulties Services		
The contribution for Heart of Birmingham PCT for Learning Difficulties	8,879	8,024
Joint Equipment Stores		
The contribution for Heart of Birmingham PCT for Joint Equipment Store	1	1

41 Cashflows relating to exceptional items

The PCT has no exceptional cashflow items.

42 Events after the end of the reporting period

The main functions carried out by Heart of Birmingham PCT in 2012-13 are to be carried out in 2013-14 by the following public sector organisations;

- Clinical Commissioning Groups
- NHS England(Commissioning Board)
- Public Health England
- Birmingham City Council
- NHS Property Services

Subject to any final changes required by the Department of Health, the assets and liabilities of the PCT will be transferred to successor bodies as indicated above. This indicative transfer follows the policies and principles laid out in the *Transfer of Claims, Liabilities and related Financial Assets* Guidance issued by the Department of Health. A copy of this guidance is available by following the link www.info.doh.gov.uk/doh/finman.nsf - the document is in the Handover and Closedown area of the Finance manual
The ultimate destination of the assets and liabilities will be confirmed following the final review of transfer orders by the Department of Health.

Annual Governance Statement – 2012/13
Heart of Birmingham Primary Care Trust

Scope of responsibility

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

The performance of the PCT is monitored through that of the Birmingham and Solihull PCT Cluster by NHS Midlands and East via their assessment of the PCT is meeting its obligations, as set out in the NHS Operating Framework 2012/13. This is undertaken by the submission of reports, by declarations of compliance and by meetings between NHS Midlands and East and PCT staff. My personal performance is appraised and managed by the Chairman on behalf of the PCT Board.

In 2011/12, the PCT delegated responsibility for the operational delivery of its statutory functions to a joint sub-committee of Birmingham and Solihull PCTs this includes; Birmingham East & North, Heart of Birmingham, Solihull and South Birmingham. This arrangement has continued throughout the duration of 2012/13 and I have led the transition to a new NHS architecture which includes the formal transfer of a number of PCT statutory functions to new NHS bodies and/or partner local authorities.

As a manifestation of these transitional arrangements, the Birmingham Cross City, Birmingham South Central and Solihull Clinical Commissioning Groups (CCG) were set up as a sub-committee of the Cluster Board during 2012/13. This enabled the PCT, through the shadow CCG, to work as an equal partner within the locality partnership arrangements. Senior PCT staff were members of these partnership boards and the work of these partnership boards was presented to each CCG Board. The CCG has a good working relationship with the locality Health and Social Care Scrutiny Panel(s). The CCG continues to work with Local Involvement Networks (LINks) and has been an active partner in the development of the new HealthWatch.

The PCT, through the shadow CCG, has continued the partnership work by being an active member within the Shadow Health and Well Being Board. The Cluster has also been directly represented on each of the Shadow Health and Well Being Boards in Birmingham and Solihull. The Joint Directors of Public Health have been working with the local authority on the transfer of Public Health in accordance with the Health and Social Care Act.

I have ensured that the PCT, through the joint sub-committee of the Cluster has documented for successor organisations significant areas of work through the Handover Document and the Quality Handover Document. Both these were presented to the final Cluster Board meeting and were formally 'sent' to receiver organisations. I also ensured that any ongoing work associated with open complaints, claims, fraud cases and serious incidents were also officially 'sent' to receiver organisations through the last PCT Board meeting. The Cluster has been working to a closedown plan, overseen by the Transition Committee, accountable to the PCT Board.

The governance framework of the organisation

The governance framework is designed to manage risk to a reasonable level rather than to guarantee the elimination of all risk of failure to achieve aims and objectives; it cannot therefore provide an absolute assurance of effectiveness. The governance framework and systems of internal control is an evolutionary process designed to:

- Identify and prioritise the risks to the delivery of aims and objectives
- Evaluate the likelihood of those risks occurring and the impact should they be realised, and to manage them efficiently, effectively and economically

The system of internal control has been reviewed and amended throughout the 2012/13 year to reflect the nature of the transitional environment and to ensure a robust assurance framework continues to be in place to best support the delivery of key aims

The Board

For the period April – September 2012 inclusive the PCT was led by a Chief Executive. With effect, 1 October 2012 I was appointed the Accountable Officer and thus the Chief Executive of the PCT together with the other PCTs that made up the Cluster. I received a detailed handover from my predecessor which was documented and presented to the Cluster Board for assurance. The PCT Executive Team also changed on 1 October and I ensured they each received a detailed handover from their outgoing predecessor. The Quality Handover Document was presented to the Board for assurance. The Executive Team and I have been working with the receiver organisations to ensure the safe execution of the NHS Health and Social Care Act 2012.

The Cluster Board (which in turn operated as the PCT Board) had 14 voting members:

- 1 Chair
- 7 Non executives
- 1 Chief Executive
- 1 Nurse Director
- 1 Director of Finance
- 1 Director of Commissioning
- 1 Medical Director
- 1 Director of Public Health

The Joint Directors of Communications, Associate Director Corporate Affairs and a Board Secretary were in regular attendance. There continued to be a Director of Public Health in each PCT, but one represented colleagues at the Cluster Board. The Board also invited a number of co-opted, non-voting Members onto the Board to represent the broad stakeholder interest in the Board agenda.

Board meetings were held in public once every month until September 2012 and then bi-monthly from October 2012 to March 2013. Average attendance for the whole of 2012/13 is 83%.

A review of Board performance against the requirements of the Corporate Governance Code has been completed for the 2012/13 year and I am confident that all relevant requirements have demonstrable evidence available to support a declaration of full compliance.

Board committee structure

The Board committee structure was reviewed on a regular basis throughout 2012/13 to ensure that the Board was appropriately supported in discharging its functions effectively and that the transition to the new NHS architecture was adequately reflected. Each sub-committee has a term of reference which has been approved by the Board and provides a robust framework for the functions and duties of the committee to be discharged in a manner that ensures the main Board retains sufficient oversight of the proper performance of the delegated functions.

The board committee structure for the period April to September 2012 inclusive is shown at Appendix 1. Following my appointment in October 2012 I reviewed the existing arrangements and implemented a series of changes to consolidate the committee structure and make best use of my Executive Team resource. This is shown at Appendix 2.

Risk assessment

As Accountable Officer, I have overall responsibility for risk management and the arrangements to support this are clearly articulated in the Board Assurance Framework and Risk Management Strategy. Moreover, in October 2012 the Standing Orders, SFI's and the Scheme of Reservation and Delegation were all reviewed and updated across the Cluster. They were approved at both the Cluster Audit Committee and the Cluster Board. To provide assurance to the Board all financial leads across the Cluster were written to and asked to sign to say they had received and disseminated the revised documents as necessary.

The PCT has reviewed the arrangements for delivery of key aspects of internal control mechanisms throughout the year to ensure they remain appropriate and reflective of the transition this includes; Local Security Management Service, compliance with the Health and Safety at Work Act Standards of Business Conduct and developing emergency response plans against regional and national directives.

Newly identified risks; i.e. risks identified in the year 2012/13

The Board Assurance Framework (attached at Appendix 3) is the mechanism by which all strategic level risks are identified, mitigated and reviewed by the Board. All risks contained on this exception report have been newly identified within the 2012/13 year. Risks which are deemed to be borough wide and impact on other stakeholders are addressed through the appropriate partnership working arrangements Other risks are addressed through other routes for example the emergency planning partnership work. Internal Audit has provided assurances on the operation of the Assurance Framework.

Data Security

Responsibility for Information Governance has been vested in the following colleagues throughout the year:

- Caldicott Guardian – Doug Wulf, Associate Medical Director (April to May)
- Caldicott Guardian – Nick Griggs, Associate Medical Director (May to September)
- Caldicott Guardian - Steven Cartwright, Medical Director (October to March)
- Senior Information Risk Officer – Diane Reeves, Medical Director (April to October)
- Senior Information Risk Officer – Alison Taylor, Director of Finance (November to March)

There has been one breach of data security in year:

- Leak of confidential information – a local newspaper printed an article which included reference to detail contained within confidential organisational reports. On investigation is was determined the information had not been released through any formal organisational process but had been received direct at the newspaper offices. All relevant members of staff and Non-executives were reminded of their responsibility to ensure they handle confidential information in a safe and secure manner

There is a strong data security culture within the organisation backed up by mandatory training for all staff. Sanctions would be applied if staff wilfully disregarded basic security measures. All laptops and blackberries are encrypted and staff can send encrypted emails using the 'confidential' option on the email system.

Risk and Control framework

The PCT Risk Management Strategy sets out the role and responsibility of the Chief Executive and other key officers in relation to Risk Management. The Executive Nurse and Medical Director provide clinical leadership in the clinical governance area and in particular quality and safety within the providers that the PCT commission from.

The Clinical Executive/Quality and Safety Committee, chaired by the Medical Director with non-executive director attendance, meets monthly and is accountable to the PCT Board. This Committee assures the Board of the management of risk within the Cluster. It monitors the work of the Clinical Quality Review meetings with our main providers and the work of the Care Quality Commission locally (for example their assessments of nursing homes). It also reviews the red risks associated with quality and the serious incident reports. The Audit Committee gives assurance to the Board that risk is being managed appropriately within the Cluster.

The Assurance Framework provides the overall mechanism for the Cluster Board and hence the PCT to manage its strategic risks. It was based upon the Assurance Framework for 2011/12 which was developed by the whole Cluster Board during a facilitated planning event and each of the risks identified has a lead Cluster director whose responsibility it is to ensure that the risk is mitigated. Action plans are in place to mitigate the risks identified and

embedded within the day to day working of the Cluster. The Cluster published information in relation to the Equality Act by 31 January 2013 as required.

The red risk register holds the high operational risks and the financial consequences of the risk are identified where appropriate. These are categorised as 'red' on the 5x5 risk scoring matrix. Again, there is a lead director identified who puts an action plan in place and ensures that the risk is mitigated. The red risk register is reviewed regularly at the Cluster's Transitional Committee (which was established to oversee the transition arrangements put in place to enact the NHS reorganisation resulting from the NHS and Social Care Act).

The Cluster was conscious that the year 2012/13 was one of extreme disruption within the management of the NHS. As such, the Transition Committee was instrumental in monitoring the risks associated with the changes. These risks and their mitigation were then reported to each Board meeting. The Audit Committee also reviewed the Cluster's approach to risk and the risk register. The Cluster put into place robust mechanisms to ensure patient safety and quality was not compromised during this period. This included working closely with successor organisations in particular the CCGs to ensure continuity and transfer of corporate memory.

Review of the effectiveness of risk management and internal control

The PCT achieves assurance that risk management activities and systems are being appropriately identified and managed through the following:

- Annual Governance Statement, the Board Assurance Framework and transitional risk register
- The PCT Cluster's progress against its strategic and operational objectives
- Statistical and trend reporting of Incidents, Complaints and Claims to the Board and relevant Committees
- Correlation between incidents/near miss reporting and dates of occurrence
- Receiving assurance from Internal and External Audit that the PCT Cluster's Risk Management Systems are being implemented
- Information Governance Toolkit compliance

This proactive and reactive management of risks means that the PCT Cluster is able to provide a dynamic and continuous quality improvement process for the systematic identification and analysis of all risks. Relevant stakeholders are made aware of the significant risks through the PCT Cluster Board. Significant risks are prioritised according to their high numeric score.

The following sections set out a more detailed assessment of several specific areas.

<u>Audit Committee reports</u>

The Cluster Audit Committee has approved Terms of Reference that are in line with the Audit Committee Handbook, published by the HFMA and Department of Health. Its agenda is largely driven by the handbook with the content and timing of the meetings linked to the requirements of the financial year. The Committee had delegated authority from the Cluster

Board to approve the Annual Financial Statements; the draft Annual Report and the annual accounts and report for Funds held on Trust (Charitable Funds). During 2012/13 it reported after every meeting to the Board. The Cluster Audit Committee worked very closely with Audit Committees within each Black Country locality. These local audit committees recommended the write-off of losses; ex gratia payments reported to the Cluster Audit Committee. An internal audit review has provided moderate assurance in relation to primary care contractor payment systems in relation to the PCT.

Pension

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

Fraud

The PCT has specific and appropriate arrangements in place to comply with the requirements of the Local Counter Fraud and Security Management Services Directives and the Bribery Act.

Head of Internal Audit Opinion

The HoIA Opinion describes the robustness of the arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work. The opinion concluded that the systems in respect of the Assurance Framework are robust and operate in a good control environment and gives significant assurance with regard to the management of risk in the core financial systems.

The basis for forming this opinion is drawn from an assessment of the design and operation of the underpinning Cluster Assurance Framework and supporting processes together with an assessment of the range of individual opinions arising from risk-based audit assignments including core financial systems.

There were limited instances of concerns being raised to the effectiveness of controls in respect of the PCTs level of compliance in relation to the Information Governance Toolkit, the management, administration and security of IT assets and the transition arrangements for public health to move to local authorities. In each instance, an action plan was agreed with management to address the issues during the course of the year.

Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide the Accountable Officer with assurance. The Assurance Framework itself provides evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. I am confident that this Annual Governance Statement is a balanced reflection of the actual control position and that where control weaknesses have been identified there is a sufficiently robust plan in place to strengthen the assurance available.

Significant Issues

There were no significant issues during 2012/13.

However, it should be noted that the following concerns have been raised towards the end of the financial year regarding the transition of certain systems and processes to NHS England:

- the future maintenance of primary care contract payment systems across Birmingham, Solihull and the Black Country, given the resilience issues reported by Internal Audit in relation to these systems within the Black Country Cluster

- the lack of suitable counter-fraud arrangements within NHS England to conclude open cases that relate to primary care contractors

It is appropriate that both these issues are referenced separately as given the proximity of the issue being raised to the abolition of the PCTs the future management actions necessary to mitigate and/or remove these risks will be transferred to the Birmingham, Black Country and Solihull Area Team on behalf of NHS England.

My review confirms that Heart of Birmingham PCT had in place a generally sound system of internal control that supported the achievement of its policies, aims and objectives.

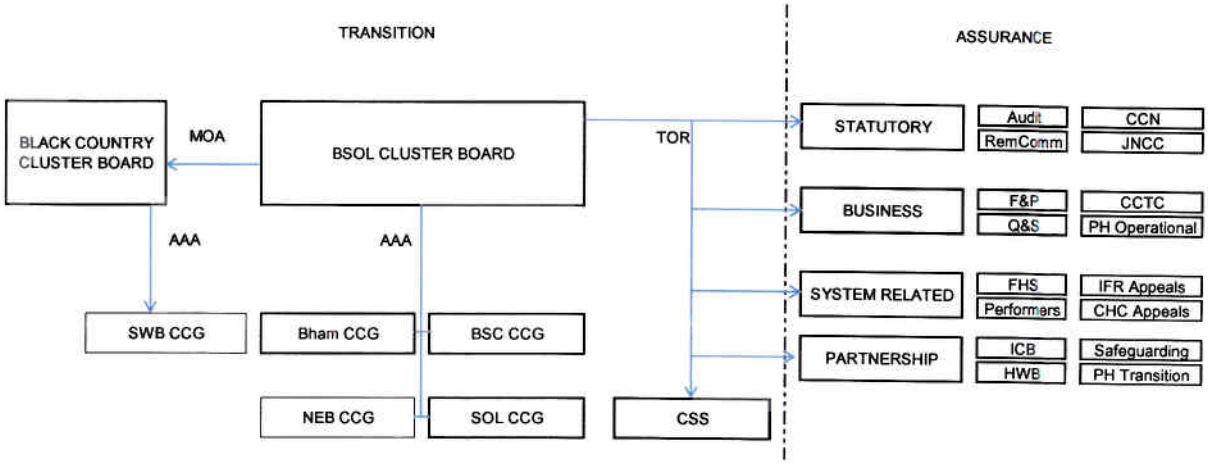
Accountable Officer : Wendy Saviour

Organisation: Heart of Birmingham PCT

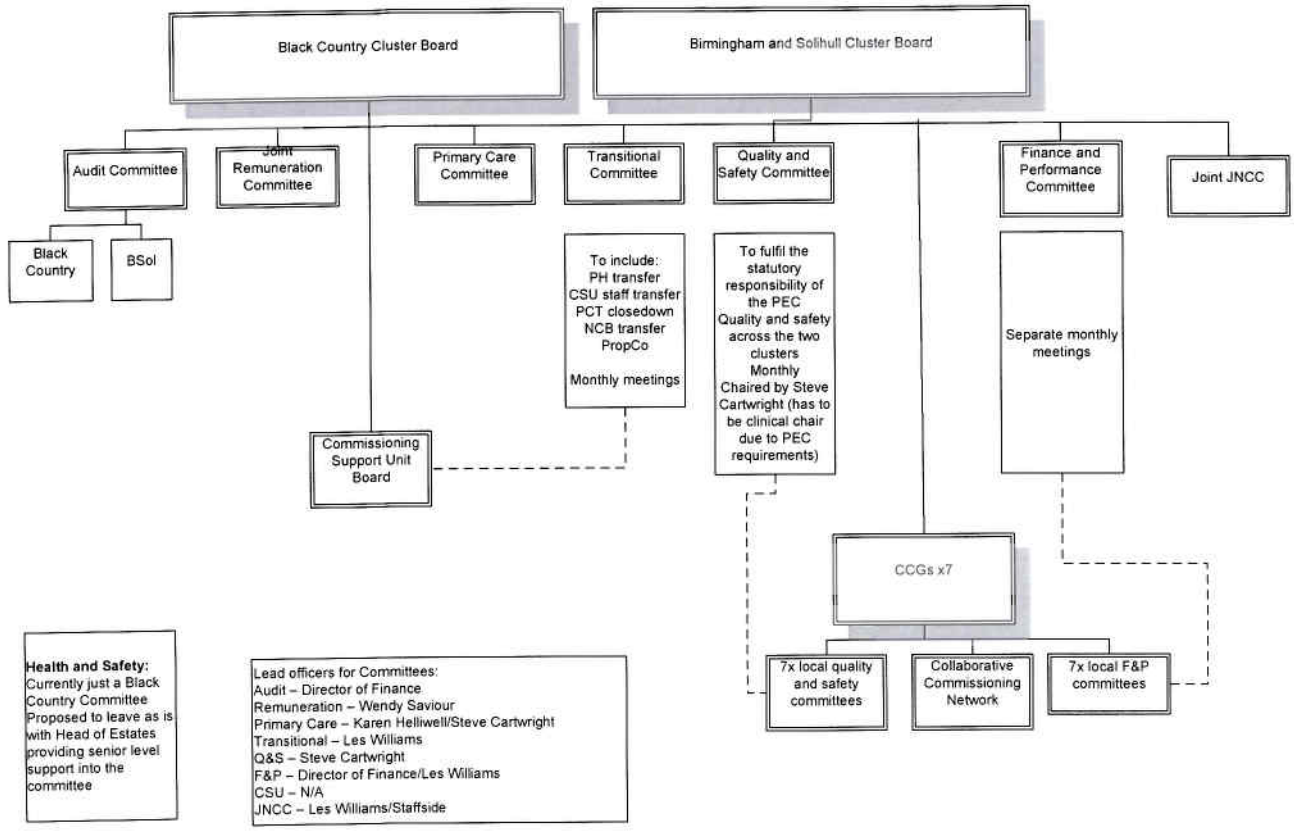
Signature W Saviour

Date 05/06/2013

Appendix 1: Board committee structure April – September 2012



Appendix 2: Board committee structure October 2012 – March 2013



Department of Health

NHS

Solihull Primary Care Trust

2012-13 Accounts

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Solihull Primary Care Trust

2012-13 Accounts

Foreword to the Accounts

Solihull Primary Care Trust

These accounts for the year ended 31st March 2013 have been prepared by the Solihull Primary Care Trust under section 232 (Schedule 15, 3(1)) of the National Health Service Act 2006 in the form which the Secretary of State has, with the approval of the Treasury, directed.

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: WENDY SAVAGE

Date...05:06:2013

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.

05.06.2013 Date ..... Signing Officer

05.06.2013 Date ..... Finance Signing Officer

INDEPENDENT AUDITOR'S REPORT TO THE DEPARTMENT OF HEALTH'S ACCOUNTING OFFICER IN RESPECT OF SOLIHULL PRIMARY CARE TRUST

We have audited the financial statements of Solihull PCT 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. 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 that is subject to audit, being:

- the table of salaries and allowances of senior managers within the columns labelled 'Salary paid by Solihull PCT' and related narrative notes within the section 'Pensions and Remuneration Report'
- the table of pension benefits of senior managers and related narrative notes within the section 'Pensions and Remuneration Report'; and
- the table of pay multiples and related narrative notes specifically identified as relating to Solihull PCT within the section 'Pensions and Remuneration Report'.

This report is made solely to the Department of Health's accounting officer in respect of Solihull PCT 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 Department of Health's accounting officer and the Trust as a body, for our audit work, for this report, or for opinions we have formed.

Respective responsibilities of the signing officer, finance signing officer and auditor

As explained more fully in the Statement of Responsibilities, 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 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 Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trust; and 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 Solihull PCT 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 a reason to believe that the Trust, or an officer of the 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.

Other matters on which we are required to conclude

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice 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 and, having regard to the guidance issued by the Audit Commission, we have considered the results of the following:

· our review of the annual governance statement; and

· our detailed risk assessment.

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

Certificate

We certify that we have completed the audit of the financial statements of Solihull PCT in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

James Cook

James Cook
Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP

Colmore Plaza, 20 Colmore Circus, Birmingham B4 6AT

7 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	**6,053**	7,934
Other costs	5.1	**359,899**	352,116
Income	4	**(12,049)**	(11,397)
Net operating costs before interest		**353,903**	348,653
Investment income	9	**0**	(24)
Other (Gains)/Losses	10	**2**	4
Finance costs	11	**456**	323
Net operating costs for the financial year		**354,361**	348,956
Transfers by absorption -(gains)		**0**	
Transfers by absorption - losses		**0**	
Net (gain)/loss on transfers by absorption		**0**	
Net Operating Costs for the Financial Year including absorption transfers		**354,361**	**348,956**
Of which:			
Administration Costs			
Gross employee benefits	7.1	**5,114**	6,471
Other costs	5.1	**9,142**	7,892
Income	4	**(6,440)**	(5,167)
Net administration costs before interest		**7,816**	**9,196**
Investment income	9	**0**	(24)
Other (Gains)/Losses	10	**2**	4
Finance costs	11	**420**	323
Net administration costs for the financial year		**8,238**	**9,499**
Programme Expenditure			
Gross employee benefits	7.1	**939**	1,463
Other costs	5.1	**350,757**	344,224
Income	4	**(5,609)**	(6,230)
Net programme expenditure before interest		**346,087**	**339,457**
Investment income	9	**0**	0
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**36**	0
Net programme expenditure for the financial year		**346,123**	**339,457**

Other Comprehensive Net Expenditure	2012-13 £000	2011-12 £000
Impairments and reversals put to the Revaluation Reserve	**1,250**	201
Net (gain) on revaluation of property, plant & equipment	**(148)**	(632)
Net (gain) on revaluation of intangibles	**0**	0
Net (gain) on revaluation of financial assets	**0**	(11)
Net (gain)/loss on other reserves	**0**	0
Net (gain)/loss on available for sale financial assets	**0**	0
Net (gain) /loss on Assets Held for Sale	**0**	
Release of Reserves to Statement of Comprehensive Net Expenditure	**0**	
Net actuarial (gain)/loss on pension schemes	**0**	0
Reclassification Adjustments		
Reclassification adjustment on disposal of available for sale financial assets	**0**	0
Total comprehensive net expenditure for the year*	**355,463**	**348,514**

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	**21,226**	21,672
Intangible assets	13	**6**	14
investment property	15	**0**	0
Other financial assets	21	**136**	136
Trade and other receivables	19	**187**	0
Total non-current assets		**21,555**	21,822
Current assets:			
Inventories	18	**0**	0
Trade and other receivables	19	**2,847**	7,895
Other financial assets	36	**0**	0
Other current assets	22	**0**	0
Cash and cash equivalents	23	**2,794**	1
Total current assets		**5,641**	7,896
Non-current assets held for sale	24	**225**	0
Total current assets		**5,866**	7,896
Total assets		**27,421**	29,718
Current liabilities			
Trade and other payables	25	**(23,976)**	(25,980)
Other liabilities	26,28	**0**	0
Provisions	32	**(746)**	(3,371)
Borrowings	27	**(226)**	(203)
Other financial liabilities	36.2	**0**	0
Total current liabilities		**(24,948)**	(29,554)
Non-current assets plus/less net current assets/liabilities		**2,473**	164
Non-current liabilities			
Trade and other payables	25	0	0
Other Liabilities	28	0	0
Provisions	32	(3,073)	(1,491)
Borrowings	27	(4,352)	(4,578)
Other financial liabilities	36.2	0	0
Total non-current liabilities		**(7,425)**	(6,069)
Total Assets Employed:		**(4,952)**	(5,905)
Financed by taxpayers' equity:			
General fund		(13,307)	(15,578)
Revaluation reserve		8,355	9,673
Other reserves		0	0
Total taxpayers' equity:		**(4,952)**	(5,905)

The notes on pages 5 to 14 form part of this account.

The financial statements on pages *1 to 44* were approved by the Board on 05.06.13 *[date]* and signed on its behalf by

Chief Executive: W Edwards Date: 05.06.13

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	**21,226**	21,672
Intangible assets	13	**6**	14
investment property	15	**0**	0
Other financial assets	21	**136**	136
Trade and other receivables	19	**187**	0
Total non-current assets		**21,555**	21,822
Current assets:			
Inventories	18	**0**	0
Trade and other receivables	19	**2,847**	7,895
Other financial assets	36	**0**	0
Other current assets	22	**0**	0
Cash and cash equivalents	23	**2,794**	1
Total current assets		**5,641**	7,896
Non-current assets held for sale	24	**225**	0
Total current assets		**5,866**	7,896
Total assets		**27,421**	29,718
Current liabilities			
Trade and other payables	25	**(23,976)**	(25,980)
Other liabilities	26,28	**0**	0
Provisions	32	**(746)**	(3,371)
Borrowings	27	**(226)**	(203)
Other financial liabilities	36.2	**0**	0
Total current liabilities		**(24,948)**	(29,554)
Non-current assets plus/less net current assets/liabilities		**2,473**	164
Non-current liabilities			
Trade and other payables	25	0	0
Other Liabilities	28	0	0
Provisions	32	(3,073)	(1,491)
Borrowings	27	(4,352)	(4,578)
Other financial liabilities	36.2	0	0
Total non-current liabilities		**(7,425)**	(6,069)
Total Assets Employed:		**(4,952)**	(5,905)
Financed by taxpayers' equity:			
General fund		(13,307)	(15,578)
Revaluation reserve		8,355	9,673
Other reserves		0	0
Total taxpayers' equity:		**(4,952)**	(5,905)

The notes on pages 5 to 14 form part of this account.

The financial statements on pages *1 to 44* were approved by the Board on 5th June 2013 and signed on its behalf by

Chief Executive: Date:

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	**(15,578)**	**9,673**	**0**	**(5,905)**
Changes in taxpayers' equity for 2012-13				
Net operating cost for the year	(354,361)			**(354,361)**
Net gain on revaluation of property, plant, equipment		148		**148**
Net gain on revaluation of intangible assets		0		**0**
Net gain on revaluation of financial assets		0		**0**
Net gain on revaluation of assets held for sale		0		**0**
Impairments and reversals		(1,250)		**(1,250)**
Movements in other reserves			0	**0**
Transfers between reserves*	216	(216)		**0**
Release of Reserves to SOCNE		0		**0**
Reclassification Adjustments				
Transfers between Revaluation Reserve & General Fund in respect of assets transferred under absorption	0	0		**0**
Net actuarial gain/(loss) on pensions	0		0	**0**
Total recognised income and expense for 2012-13	**(354,145)**	**(1,318)**	**0**	**(355,463)**
Net Parliamentary funding	356,416			**356,416**
Balance at 31 March 2013	**(13,307)**	**8,355**	**0**	**(4,952)**
Balance at 1 April 2011	**(21,299)**	**15,408**	**0**	**(5,891)**
Changes in taxpayers' equity for 2011-12				
Net operating cost for the year	(348,956)			(348,956)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment		632		632
Net Gain / (loss) on Revaluation of Intangible Assets		0		0
Net Gain / (loss) on Revaluation of Financial Assets		11		11
Net Gain / (loss) on Assets Held for Sale		0		0
Impairments and Reversals		(201)		(201)
Movements in other reserves			0	0
Transfers between reserves*	6,177	(6,177)		0
Release of Reserves to Statement of Comprehensive Net Expenditure		0		0
Reclassification Adjustments				
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	0	0	0
On disposal of available for sale financial assets	0	0	0	0
Net actuarial gain/(loss) on pensions	0		0	0
Total recognised income and expense for 2011-12	(342,779)	(5,735)	0	(348,514)
Net Parliamentary funding	348,500			348,500
Balance at 31 March 2012	**(15,578)**	**9,673**	**0**	**(5,905)**

Statement of cash flows for the year ended 31 March 2013

	NOTE	2012-13 £000	2011-12 £000
Cash Flows from Operating Activities			
Net Operating Cost Before Interest		**(353,903)**	(348,653)
Depreciation and Amortisation		**1,525**	1,563
Impairments and Reversals		**580**	1,106
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		**(420)**	(319)
Release of PFI/deferred credit		**0**	0
(Increase)/Decrease in Inventories		**0**	515
(Increase)/Decrease in Trade and Other Receivables		**5,048**	1,595
(Increase)/Decrease in Other Current Assets		**0**	0
Increase/(Decrease) in Trade and Other Payables		**(2,291)**	(5,084)
(Increase)/Decrease in Other Current Liabilities		**0**	0
Provisions Utilised		**(1,934)**	(969)
Increase/(Decrease) in Provisions		**855**	2,829
Net Cash Inflow/(Outflow) from Operating Activities		**(350,540)**	**(347,417)**
Cash flows from investing activities			
Interest Received		**0**	24
(Payments) for Property, Plant and Equipment		**(2,882)**	(1,056)
(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)		**2**	110
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 Inflow/(Outflow) from Investing Activities		**(2,880)**	**(922)**
Net cash inflow/(outflow) before financing		**(353,420)**	**(348,339)**
Cash flows from financing activities			
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		**(203)**	(171)
Net Parliamentary Funding		**356,416**	348,500
Capital Receipts Surrendered		**0**	0
Capital grants and other capital receipts		**0**	0
Cash Transferred (to)/from Other NHS Bodies (free text note required)		**0**	0
Net Cash Inflow/(Outflow) from Financing Activities		**356,213**	**348,329**
Net increase/(decrease) in cash and cash equivalents		**2,793**	**(10)**
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		**1**	**11**
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies		**0**	0
Cash and Cash Equivalents (and Bank Overdraft) at year end		**2,794**	**1**

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 PCTs 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.

1. Accounting for NHS LIFT schemes. The accounting treatment is dependent upon the expectation that the PCT will or will not exercise an option to purchase at the end of the lease period. PCT management view is that it is highly unlikely that the PCT will exercise its option to purchase, and consequently asset values have been based on the present value of minimum lease payments rather than Modern Equivalent Asset (MEA) valuations.

2. Valuation of PCT Premises. The PCT has agreed to use the District Valuer to inform its interim premises valuations.

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. Key sources of estimation uncertainty. There are considered to be no sources of estimation uncertainty that are likely to have a material effect on the PCT in future periods. Estimations have been made in respect of a number of accruals; these accruals have been calculated based on the best available information at the time, and on historic experience, principally in respect of certain elements of prescribing, dental and acute hospital contracts, and in establishing provisions.
2. In relation to liabilities for continuing healthcare claims, the amount of the provision has been calculated based on estimations of a sample of the claims received which have been used to ascribe claims to different categories reflecting the likelihood of payments to be made. The provision is then calculated by applying percentages to each category of claims using an average cost per week and per claim. We are satisfied that this method gives a fair estimate of the liability and that reasonable variations in the assumptions made do not have a material impact in the context of the accounts as a whole.

Going Concern

Under the provisions of *The Health and Social Care Act 2012 (Commencement No.4. Transitional, Savings and Transitory Provisions) Order 2013,* Solihull PCT was dissolved on 1st April 2013. The PCT's functions, assets and liabilities transferred to other public sector entities as outlined in Note 42.1 *Events after the Reporting Period*. Where reconfigurations of this nature take place within the public sector, Government accounting requires that the activities concerned are to be considered as continuing operations, and so the closing entity prepares accounts on a "going concern" basis.

The SOFP has therefore been drawn up at 31 March 2013 on the same basis as in previous years, reporting balances on the same basis as would a continuing entity. In particular, there has been no general revaluation of assets or liabilities, and no disclosures have been made under IFRS 5 Non-current Assets Held for Sale and Discontinued Operation.

1. Accounting policies (continued)

1.2 Revenue and Funding

The main source of funding for the Primary Care Trust is allocations (Parliamentary Funding) from the Department of Health within an approved cash limit, which is credited to the General Fund of the Primary Care Trust. 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 Primary Care Trust. 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 Care Trust Designation

Solihull Primary Care Trust is not a Primary Care Trust that is designated by the Secretary of State under s45 of the Health and Social Care Act 2001 as a Care Trust.

1.4 Pooled budgets

The PCT has entered into a pooled budget with SMBC and this is still in force. Under the arrangement funds are pooled under S75 of the Health Act 2006 for one the Public Health Director and a memorandum note to the accounts provides details of the joint income and expenditure.

1.5 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.

1.6 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 arrrangements and so is recorded as such in the financial statements.

1. Accounting policies (continued)

1.7 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.

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. Accounting policies (continued)

1.8 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 demonstrated:

- 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.

1.9 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

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. Accounting policies (continued)

1.10 Donated assets
There are no Donated Assets.

1.11 Government grants
There are no Govermant grants.

1.12 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.

1.13 Inventories
The PCT does not normally hold material inventories.

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

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

1.15 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).

1.16 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. Accounting policies (continued)

1.17 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, except for leave earned but not yet taken is not accrued for at the year end, on the grounds of immateriality.

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.

1.18 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.

1.19 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.

1.20 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.

1.21 EU Emissions Trading Scheme

The PCT did not participate in the EU Emission Trading Scheme .

1. Accounting policies (continued)

1.22 Part Completed Spells

The PCT is required to account for the impact of partially completed spells of inpatient activity, which recognises expenditure in respect of patients still receiving treatment at the end of the accounting period but not yet charged to the PCT. The expenditure is accrued on the basis of data provided by the PCTs main provider hospitals.

1.23 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.

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

1.24 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

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.

1.25 Foreign exchange

The PCT does not deal in Foreign Exchange transactions.

1.26 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% (2.35% 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. Accounting policies (continued)

1.27 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.

Financial assets at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Net Expenditure. The net gain or loss incorporates any interest earned on the financial asset.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

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

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.

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.

1. Accounting policies (continued)

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.

Financial liabilities at fair value through profit and loss
Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Net Expenditure. The net gain or loss incorporates any interest earned on the financial asset.

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.

1.28 NHS LIFT transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes (including NHS LIFT) 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. The PCT therefore recognises the NHS LIFT asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:
a) Payment for the fair value of services received;
b) Payment for the NHS LIFT asset, including finance costs; and
c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

a) Services received
The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

b) LIFT assets, liabilities, and finance costs

LIFT assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at *t*he present value of the minimum lease payments in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the PCT's approach for each relevant class of asset in accordance with the principles of IAS 16.

A LIFT liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the present value of the minimum lease payments and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Net Expenditure.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Net Expenditure.

1. Accounting policies (continued)

c) Lifecycle replacement
Components of the asset replaced by the operator during the contract ('lifecycle replacement') are charged in year to operating costs.

Assets contributed by the PCT to the operator for use in the scheme
Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the PCT's Statement of Comprehensive Net Expenditure.

Other assets contributed by the PCT to the operator
Assets contributed (e.g. cash payments, surplus property) by the PCT to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the PCT, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

1.28 Accounting Standards that have been issued but have not yet been 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 19 (Revised 2011) Employee Benefits
IAS 27 Separate Financial Statements - subject to consultation
IAS 28 Investments in Associates and Joint Ventures - subject to consultation
IAS 32 Financial Instruments: Presentation
IFRS 7 Financial Instruments: Disclosures
IFRS 9 Financial Instruments - subject to consultation - 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
IPSAS 32 - Service Concession Arrangement - subject to consultation

2 Operating segments

Solihull PCT has been a Commissioning organisation since 1st April 2011, through to 31st March 2013 and it has, therefore, had no other operating segments in that two year period

3. Financial Performance Targets

3.1 Revenue Resource Limit

	2012-13 £000	2011-12 £000
The PCTs' performance for the year ended 2012-13 is as follows:		
Total Net Operating Cost for the Financial Year	**354,361**	348,956
Net operating cost plus (gain)/loss on transfers by absorption	0	0
Adjusted for prior period adjustments in respect of errors	**0**	0
Revenue Resource Limit	**356,050**	349,237
Under/(Over)spend Against Revenue Resource Limit (RRL)	1,689	281

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	**3,354**	966
Charge to Capital Resource Limit	**2,978**	958
(Over)/Underspend Against CRL	**376**	**8**

3.3 Provider full cost recovery duty

The PCT no longer has a Provider function

3.4 Under/(Over)spend against cash limit

	2012-13 £000	2011-12 £000
Total Charge to Cash Limit	**356,416**	348,501
Cash Limit	**356,416**	348,501
Under/(Over)spend Against Cash Limit	**0**	**0**

3.5 Reconciliation of Cash Drawings to Parliamentary Funding (current year)

	2012-13 £000
Total cash received from DH (Gross)	311,283
Less: Trade Income from DH	0
Less/(Plus): movement in DH working balances	0
Sub total: net advances	**311,283**
(Less)/plus: transfers (to)/from other resource account bodies (free text note required)	0
Plus: cost of Dentistry Schemes (central charge to cash limits)	6,390
Plus: drugs reimbursement (central charge to cash limits)	38,743
Parliamentary funding credited to General Fund	**356,416**

4 Miscellaneous Revenue

	2012-13 Total	2012-13 Admin	2012-13 Programme	2011-12
	£000	£000	£000	£000
Fees and Charges	**0**	0	0	0
Dental Charge income from Contractor-Led GDS & PDS	**2,262**		2,262	2,034
Dental Charge income from Trust-Led GDS & PDS	**0**		0	0
Prescription Charge income	**1,959**		1,959	1,887
Strategic Health Authorities	**1,618**	1,195	423	1,741
NHS Trusts	**64**	64	0	136
NHS Foundation Trusts	**474**	449	25	506
Primary Care Trusts Contributions to DATs	**0**		0	59
Primary Care Trusts - Other	**106**	96	10	175
Primary Care Trusts - Lead Commissioning	**215**	215	0	219
English RAB Special Health Authorities	**0**	0	0	0
NDPBs and Others (CGA)	**0**	0	0	0
Department of Health - SMPTB	**0**	0	0	0
Department of Health - Other	**0**	0	0	1
Recoveries in respect of employee benefits	**0**	0	0	0
Local Authorities	**980**	336	644	356
Patient Transport Services	**0**		0	0
Education, Training and Research	**0**	0	0	0
Non-NHS: Private Patients	**0**		0	0
Non-NHS: Overseas Patients (Non-Reciprocal)	**0**		0	0
NHS Injury Costs Recovery	**0**		0	0
Other Non-NHS Patient Care Services	**0**	0	0	0
Charitable and Other Contributions to Expenditure	**0**		0	0
Receipt of donated assets	**0**		0	0
Receipt of Government granted assets	**0**		0	0
Rental revenue from finance leases	**0**	0	0	0
Rental revenue from operating leases	**4,045**	4,045	0	3,913
Other revenue	**326**	40	286	370
Total miscellaneous revenue	**12,049**	**6,440**	**5,609**	**11,397**

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	**36,239**		36,239	36,869
Non-Healthcare	**1,163**	1,163	0	817
Total	**37,402**	**1,163**	**36,239**	**37,686**
Goods and Services from Other NHS Bodies other than FTs				
Goods and services from NHS Trusts	**21,932**	0	21,932	17,688
Goods and services (other, excl Trusts, FT and PCT))	**1**	1	0	42
Total	**21,933**	**1**	**21,932**	**17,730**
Goods and Services from Foundation Trusts	**168,291**	128	168,163	167,584
Purchase of Healthcare from Non-NHS bodies	**38,727**		38,727	32,732
Social Care from Independent Providers	**0**		0	0
Expenditure on Drugs Action Teams	**1,776**		1,776	1,561
Non-GMS Services from GPs	**0**	0	0	0
Contractor Led GDS & PDS (excluding employee benefits)	**8,604**		8,604	8,843
Salaried Trust-Led PDS & PCT DS (excluding employee benefits)	**0**		0	0
Chair, Non-executive Directors & PEC remuneration	**97**	97	0	57
Executive committee members costs	**527**	527	0	178
Consultancy Services	**161**	161	0	76
Prescribing Costs	**33,027**		33,027	34,117
G/PMS, APMS and PCTMS (excluding employee benefits)	**30,202**	0	30,202	30,124
Pharmaceutical Services	**0**		0	0
Local Pharmaceutical Services Pilots	**0**		0	0
New Pharmacy Contract	**8,703**		8,703	8,723
General Ophthalmic Services	**2,334**		2,334	2,446
Supplies and Services - Clinical	**7**	7	0	13
Supplies and Services - General	**290**	290	0	234
Establishment	**669**	664	5	603
Transport	**9**	9	0	14
Premises	**3,040**	3,040	0	2,892
Impairments & Reversals of Property, plant and equipment	**580**	0	580	1,106
Impairments and Reversals of non-current assets held for sale	**0**	0	0	0
Depreciation	**1,517**	1,517	0	1,558
Amortisation	**8**	8	0	5
Impairment & Reversals Intangible non-current assets	**0**	0	0	0
Impairment and Reversals of Financial Assets	**0**	0	0	0
Impairment of Receivables	**0**	0	0	0
Inventory write offs	**0**	0	0	0
Research and Development Expenditure	**0**	0	0	0
Audit Fees	**89**	89	0	169
Other Auditors Remuneration	**25**	25	0	36
Clinical Negligence Costs	**82**	0	82	26
Education and Training	**1,298**	1,297	1	1,498
Grants for capital purposes	**359**	0	359	289
Grants for revenue purposes	**0**	0	0	0
Impairments and reversals for investment properties	**0**	0	0	0
Other	**142**	119	23	1,816
Total Operating costs charged to Statement of Comprehensive Net Expenditure	**359,899**	**9,142**	**350,757**	**352,116**
Employee Benefits (excluding capitalised costs)				
Employee Benefits associated with PCTMS	**0**	0	0	0
Trust led PDS and PCT DS	**0**	0	0	0
PCT Officer Board Members	**212**	212	0	560
Other Employee Benefits	**5,841**	4,901	940	7,374
Total Employee Benefits charged to SOCNE	**6,053**	**5,113**	**940**	**7,934**
Total Operating Costs	**365,952**	**14,255**	**351,697**	**360,050**
Analysis of grants reported in total operating costs				
For capital purposes				
Grants to fund Capital Projects - GMS	**0**	0	0	0
Grants to Local Authorities to Fund Capital Projects	**0**	0	0	0
Grants to Private Sector to Fund Capital Projects	**359**	0	359	289
Grants to Fund Capital Projects - Dental	**0**	0	0	0
Grants to Fund Capital Projects - Other	**0**	0	0	0
Total Capital Grants	**359**	**0**	**359**	**289**
Grants to fund revenue expenditure				
To Local Authorities	**0**	0	0	0
To Private Sector	**0**	0	0	0
To Other	**0**	0	0	0
Total Revenue Grants	**0**	**0**	**0**	**0**
Total Grants	**359**	**0**	**359**	**289**

	Total	Commissioning Services	Public Health
PCT Running Costs 2012-13			
Running costs (£000s)	**8,237**	7,551	686
Weighted population (number in units)*	**194,527**	194,527	194,527
Running costs per head of population (£ per head)	**42**	**39**	**4**
PCT Running Costs 2011-12			
Running costs (£000s)	**9,570**	8,443	1,127
Weighted population (number in units)	**194,527**	194,527	194,527
Running costs per head of population (£ per head)	**49**	**43**	**6**

* 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	30,202	30,124
Prescribing costs	33,027	34,117
Contractor led GDS & PDS	8,604	8,843
Trust led GDS & PDS	0	0
General Ophthalmic Services	2,334	2,446
Department of Health Initiative Funding	0	0
Pharmaceutical services	0	0
Local Pharmaceutical Services Pilots	0	0
New Pharmacy Contract	8,703	8,723
Non-GMS Services from GPs	0	0
Other	0	0
Total Primary Healthcare purchased	**82,870**	84,253
Purchase of Secondary Healthcare		
Learning Difficulties	9,547	9,434
Mental Illness	22,218	20,972
Maternity	8,127	9,512
General and Acute	161,494	148,933
Accident and emergency	5,837	5,722
Community Health Services	34,261	32,643
Other Contractual	25,352	27,089
Total Secondary Healthcare Purchased	**266,836**	254,305
Grant Funding		
Grants for capital purposes	359	289
Grants for revenue purposes	0	0
Total Healthcare Purchased by PCT	**350,065**	**338,847**
PCT self-provided secondary healthcare included above	0	0
Social Care from Independent Providers	0	0
Healthcare from NHS FTs included above	168,207	167,525

6. Operating Leases

6.1 PCT as lessee

	Land	Buildings	Other	2012-13 Total	2011-12
	£000	£000	£000	£000	£000
Payments recognised as an expense					
Minimum lease payments				**2,658**	2,217
Contingent rents				**0**	0
Sub-lease payments				**0**	0
Total				**2,658**	**2,217**
Payable:					
No later than one year	**0**	**2,663**	**0**	**2,663**	2,260
Between one and five years	**0**	**9,544**	**0**	**9,544**	8,212
After five years	**0**	**9,898**	**0**	**9,898**	8,395
Total	**0**	**22,105**	**0**	**22,105**	**18,867**
Total future sublease payments expected to be received				0	0

Solihull PCT has entered into certain financial arrangements involving the use of GP premises. Under IAS17:Leases, SIC27: Evaluating the substance of transactions involving the legal form of a lease and IFRIC4:Determining whether an arrangement contains a lease, the PCT has determined that those operating leases must be recognised. However as there is no defined term in the arrangement(s) entered into, it is difficult to analyse the arrangement(s) over financial years. The financial value in the Operating Cost Statement for 2012/13 is £1,783k (£1,476k in 2011/12), these will transfer to the NHS Commissioning Board in the future.

In respect of the value of £2,658k identified above, £875k is part of the Premises costs and £1,783k is part of the GMS /PMS costs in the Operating Costs Analysis(Note 5.1)

6.2 PCT as lessor

THE PCT only holds Operating Lease and the income received relates to primary care providers and SMBC occupying clinic space owned by Solihull PCT. In addition, income is received from Heart of England NHS FT, Coventry and Warwickshire Partnership NHS Trust and SMBC for the Solihull properties now occupied by those organisations as a result of Transferring Community Services.

	2012-13 £000	2011-12 £000
Recognised as income		
Rental Revenue	**4,045**	3,913
Contingent rents	**0**	0
Total	**4045**	3,913
Receivable:		
No later than one year	**399**	3,981
Between one and five years	**1,597**	1,499
After five years	**4,715**	4,440
Total	**6,711**	9,920

7. Employee benefits and staff numbers

7.1 Employee benefits

2012-13				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	**4,935**	4,264	671	**4,791**	4,136	655	**144**	128	16
Social security costs	**402**	347	55	**402**	347	55	**0**	0	0
Employer Contributions to NHS BSA - Pensions Division	**583**	503	80	**583**	503	80	**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	**133**	0	133	**133**	0	133	**0**	0	0
Total employee benefits	**6,053**	**5,114**	**939**	**5,909**	**4,986**	**923**	**144**	**128**	**16**
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	**6,053**	**5,114**	**939**	**5,909**	**4,986**	**923**	**144**	**128**	**16**
Employee costs capitalised	**0**	0	0	**0**	0	0	**0**	0	0
Gross Employee Benefits excluding capitalised costs	**6,053**	**5,114**	**939**	**5,909**	**4,986**	**923**	**144**	**128**	**16**
Recognised as:									
Commissioning employee benefits	**6,053**			**5,909**			**144**		
Provider employee benefits	**0**			**0**			**0**		
Gross Employee Benefits excluding capitalised costs	**6,053**			**5,909**			**144**		

2012-13				Permanently employed			Other		
	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
Employee Benefits - Revenue									
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**

Employee Benefits - Prior- year	Total £000	Permanently employed £000	Other £000
Salaries and wages	**5,507**	5,026	481
Social security costs	**542**	542	0
Employer Contributions to NHS BSA - Pensions Division	**724**	724	0
Other pension costs	**0**	0	0
Other post-employment benefits	**0**	0	0
Other employment benefits	**0**	0	0
Termination benefits	**1,161**	1,161	0
Total gross employee benefits	**7,934**	**7,453**	**481**
Less recoveries in respect of employee benefits	**0**	0	0
Total - Net Employee Benefits including capitalised costs	**7,934**	**7,453**	**481**
Employee costs capitalised	**0**	0	0
Gross Employee Benefits excluding capitalised costs	**7,934**	**7,453**	**481**
Recognised as:			
Commissioning employee benefits	**7,934**		
Provider employee benefits	**0**		
Gross Employee Benefits excluding capitalised costs	**7,934**		

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	**4**	4	0	**4**	4	0
Ambulance staff	**0**	0	0	**0**	0	0
Administration and estates	**86**	85	1	**110**	102	8
Healthcare assistants and other support staff	**4**	4	0	**7**	7	0
Nursing, midwifery and health visiting staff	**8**	8	0	**5**	5	0
Nursing, midwifery and health visiting learners	**0**	0	0	**0**	0	0
Scientific, therapeutic and technical staff	**11**	11	0	**11**	11	0
Social Care Staff	**0**	0	0	**0**	0	0
Other	**5**	5	0	**3**	3	0
TOTAL	**119**	**118**	**1**	**139**	**131**	**8**
Of the above - staff engaged on capital projects	**0**	0	0	**0**	0	0

7.3 Staff Sickness absence and ill health retirements

	2012-13 Number	2011-12 Number
Total Days Lost	**893**	**8,374**
Total Staff Years	**121**	**1,370**
Average working Days Lost	7.38	6.11

	2012-13 Number	2011-12 Number
Number of persons retired early on ill health grounds	**0**	1
	£000s	£000s
Total additional pensions liabilities accrued in the year	**0**	106

7.4 Exit Packages agreed during 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**	**3**	**5**	0	2	**2**
£10,001-£25,000	**5**	**4**	**9**	1	1	**2**
£25,001-£50,000	**4**	**1**	**5**	0	0	**0**
£50,001-£100,000	**2**	**5**	**7**	0	0	**0**
£100,001 - £150,000	**0**	**1**	**1**	0	0	**0**
£150,001 - £200,000	**1**	**0**	**1**	1	0	**1**
>£200,000	**0**	**0**	**0**	0	0	**0**
Total number of exit packages by type (total cost	**14**	**14**	**28**	**2**	**3**	**5**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Total resource cost	497	610	**1,107**	168	36	**204**

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme for 17 staff and by the Mutually Agreed Resignation Scheme(MARS) for 11 staff. **Exit costs in this note are accounted for in full in the year of departure**. 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.

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.

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 statement of comprehensive income at the time the PCT commits itself to the retirement, regardless of the method of payment.

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	**11,773**	**48,696**	18,449	53,832
Total Non-NHS Trade Invoices Paid Within Target	**9,451**	**37,155**	17,999	51,921
Percentage of NHS Trade Invoices Paid Within Target	80.28%	76.30%	97.56%	96.45%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**2,482**	**219,969**	3,348	231,428
Total NHS Trade Invoices Paid Within Target	**2,319**	**218,629**	2,769	218,017
Percentage of NHS Trade Invoices Paid Within Target	93.43%	99.39%	82.71%	94.21%

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 target is to pay 95% of trade creditors within 30 days.

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

There was no late payment of commercial debts interest.

9. Investment Income

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £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	**0**	**0**	**0**	24
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	**0**	**0**	**0**	24
Total investment income	**0**	**0**	**0**	24

10. Other Gains and Losses

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Gain/(Loss) on disposal of assets other than by sale (PPE)	**(2)**	**(2)**	**0**	(4)
Gain/(Loss) on disposal of assets other than by sale (intangibles)	**0**	**0**	**0**	0
Gain/(Loss) on disposal of Financial Assets - other than held for sale	**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	**(2)**	**(2)**	**0**	(4)

11. Finance Costs

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Interest				
Interest on obligations under finance leases	**0**	**0**	**0**	0
Interest on obligations under PFI contracts:				
- main finance cost	**0**	**0**	**0**	0
- contingent finance cost	**0**	**0**	**0**	0
Interest on obligations under LIFT contracts:				
- main finance cost	**235**	**235**	**0**	244
- contingent finance cost	**185**	**185**	**0**	75
Interest on late payment of commercial debt	**0**	**0**	**0**	0
Other interest expense	**0**	**0**	**0**	**0**
Total interest expense	**420**	**420**	**0**	**319**
Other finance costs	**0**	**0**	**0**	0
Provisions - unwinding of discount	**36**	**0**	**36**	4
Total	**456**	**420**	**36**	**323**

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	**4,496**	**17,171**	**0**	**324**	**2,636**	**189**	**2,626**	**506**	**27,948**
Additions of Assets Under Construction				0					**0**
Additions Purchased	0	2,114	0		314	0	741	0	**3,169**
Additions Donated	0	0	0	0	0	0	0	0	**0**
Additions Government Granted	0	0	0	0	0	0	0	0	**0**
Additions Leased	0	0	0		0	0	0	0	**0**
Reclassifications	0	252	0	(324)	72	0	0	0	**0**
Reclassifications as Held for Sale	(75)	(150)	0	0	0	0	0	0	**(225)**
Disposals other than for sale	(141)	(46)	0	0	(4)	0	0	0	**(191)**
Upward revaluation/positive indexation	0	148	0	0	0	0	0	0	**148**
Impairments/negative indexation	0	(1,250)	0	0	0	0	0	0	**(1,250)**
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	**4,280**	**18,239**	**0**	**0**	**3,018**	**189**	**3,367**	**506**	**29,599**
Depreciation									
At 1 April 2012	**16**	**2,774**	**0**	**0**	**1,463**	**175**	**1,528**	**320**	**6,276**
Reclassifications		0	0		0	0	0	0	**0**
Reclassifications as Held for Sale	0	0	0		0	0	0	0	**0**
Disposals other than for sale	0	0	0		0	0	0	0	**0**
Upward revaluation/positive indexation	0	0	0		0	0	0	0	**0**
Impairments	0	556	0	0	28	0	0	3	**587**
Reversal of Impairments	0	(7)	0	0	0	0	0	0	**(7)**
Charged During the Year	0	845	0		278	14	345	35	**1,517**
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	**0**
At 31 March 2013	**16**	**4,168**	**0**	**0**	**1,769**	**189**	**1,873**	**358**	**8,373**
Net Book Value at 31 March 2013	**4,264**	**14,071**	**0**	**0**	**1,249**	**0**	**1,494**	**148**	**21,226**
Purchased	4,264	14,071	0	0	1,249	0	1,494	148	**21,226**
Donated	0	0	0	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	0	0	0	**0**
Total at 31 March 2013	**4,264**	**14,071**	**0**	**0**	**1,249**	**0**	**1,494**	**148**	**21,226**
Asset financing:									
Owned	4,264	9,680	0	0	1,249	0	1,494	148	**16,835**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SOFP PFI contracts	0	4,391	0	0	0	0	0	0	**4,391**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
Total at 31 March 2013	**4,264**	**14,071**	**0**	**0**	**1,249**	**0**	**1,494**	**148**	**21,226**

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2012	**2,071**	**3,936**	**0**	**0**	**3,666**	**0**	**0**	**0**	**9,673**
Movements (specify)	(61)	(1,257)	0	0	0	0	0	0	**(1,318)**
At 31 March 2013	**2,010**	**2,679**	**0**	**0**	**3,666**	**0**	**0**	**0**	**8,355**

There were no Additions to Assets Under Construction in 2012-13

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	**4,524**	**16,363**	**0**	**155**	**2,538**	**189**	**2,284**	**506**	**26,559**
Additions - purchased	0	308	0	324	98	0	342	0	**1,072**
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	155	0	(155)	0	0	0	0	**0**
Reclassified as held for sale	(35)	(79)	0	0	0	0	0	0	**(114)**
Disposals other than by sale	0	0	0	0	0	0	0	0	**0**
Revaluation & indexation gains	7	625	0	0	0	0	0	0	**632**
Impairments	0	(201)	0	0	0	0	0	0	**(201)**
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 netted off cost following revaluatio	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**4,496**	**17,171**	**0**	**324**	**2,636**	**189**	**2,626**	**506**	**27,948**
Depreciation									
At 1 April 2011	**3**	**771**	**0**		**1,195**	**154**	**1,203**	**286**	**3,612**
Reclassifications		0	0		0	0	0	0	**0**
Reclassifications as Held for Sale	0	0	0		0	0	0	0	**0**
Disposals other than for sale	0	0	0		0	0	0	0	**0**
Upward revaluation/positive indexation	0	0	0		0	0	0	0	**0**
Impairments	13	1,121	0	0	0	0	0	0	**1,134**
Reversal of Impairments	0	(28)	0	0	0	0	0	0	**(28)**
Charged During the Year	0	910	0		268	21	325	34	**1,558**
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	**0**
Cumulative dep netted off cost following revaluatio	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**16**	**2,774**	**0**	**0**	**1,463**	**175**	**1,528**	**320**	**6,276**
Net Book Value at 31 March 2012	**4,480**	**14,397**	**0**	**324**	**1,173**	**14**	**1,098**	**186**	**21,672**
Purchased	4,480	14,397	0	324	1,173	14	1,098	186	**21,672**
Donated	0	0	0	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**4,480**	**14,397**	**0**	**324**	**1,173**	**14**	**1,098**	**186**	**21,672**
Asset financing:									
Owned	4,480	9,868	0	324	1,173	14	1,098	186	**17,143**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SOFP PFI contracts	0	4,529	0	0	0	0	0	0	**4,529**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**4,480**	**14,397**	**0**	**324**	**1,173**	**14**	**1,098**	**186**	**21,672**

12.3 Property, plant and equipment

The District Valuer's office provided valuations at 31/3/13 for the 2012-13 accounts and the details can be found in Note 1.1 on Page 5 and Note 1.7 on Page 7.

	Minimum Life (years)	Maximum Life (years)
Software Licences	0	5
Licences and Trademarks	5	5
Patents	5	5
Development Expenditure	0	0
Buildings excl. Dwellings	0	47
Dwellings	0	0
Plant and Machinery	0	10
Transport and Equipment	0	7
Information Technology	0	8
Furniture and Fittings	0	10

Building Assets in the Asset Register are shown under different segments of the building, however, the overall equated life of these building segments is shown in the above analysis.

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	**50**	**0**	**0**	**0**	**0**	**50**
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**
Additions Leased	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	0	0	0	0	**0**
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 2013	**50**	**0**	**0**	**0**	**0**	**50**
Amortisation						
At 1 April 2012	**36**	**0**	**0**	**0**	**0**	**36**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
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	8	0	0	0	0	**8**
In-year transfers to NHS bodies	0	0	0	0	0	**0**
At 31 March 2013	**44**	**0**	**0**	**0**	**0**	**44**
Net Book Value at 31 March 2013	**6**	**0**	**0**	**0**	**0**	**6**
Net Book Value at 31 March 2013 comprises						
Purchased	6	0	0	0	0	**6**
Donated	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	**0**
Total at 31 March 2013	**6**	**0**	**0**	**0**	**0**	**6**

Revaluation reserve balance for intangible non-current assets

	Software internally generated £000's	Software purchased £000's	Licences & trademarks £000's	Patents £000's	Development expenditure £000's	Total £000's
At 1 April 2012	**0**	**0**	**0**	**0**	**0**	**0**
Movements (specify)	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
At 1 April 2011	**50**	**0**	**0**	**0**	**0**	**50**
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	0	0	0	0	**0**
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**
Cumulative dep netted off cost following revaluation	0	0	0	0	0	**0**
At 31 March 2012	**50**	**0**	**0**	**0**	**0**	**50**
Amortisation						
At 1 April 2011	**31**	**0**	**0**	**0**	**0**	**31**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
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	5	0	0	0	0	**5**
In-year transfers to NHS bodies	0	0	0	0	0	**0**
Less cumulative dep written down on revaluation	0	0	0	0	0	**0**
At 31 March 2012	**36**	**0**	**0**	**0**	**0**	**36**
Net Book Value at 31 March 2012	**14**	**0**	**0**	**0**	**0**	**14**
Net Book Value at 31 March 2012 comprises						
Purchased	14	0	0	0	0	**14**
Donated	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	**0**
Total at 31 March 2012	**14**	**0**	**0**	**0**	**0**	**14**

13.3 Intangible non-current assets

The intangible non current asset relates to the cost of transforming child health records from a paper based system to a bespoke paperless system.

Economic Lives of Non-Current Assets

	Min Life Years	Max Life Years
Intangible Assets		
Software Licences	0	5

14. Analysis of impairments and reversals recognised in 2012-13

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000
Property, Plant and Equipment impairments and reversals taken to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Over-specification of assets	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	0		0
Changes in market price	580		580
Total charged to Annually Managed Expenditure	**580**		**580**
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve			
Loss or damage resulting from normal operations	0		
Over Specification of Assets	0		
Abandonment of assets in the course of construction	0		
Unforeseen obsolescence	0		
Loss as a result of catastrophe	0		
Other	0		
Changes in market price	1,250		
Total impairments for PPE charged to reserves	**1,250**		
Total Impairments of Property, Plant and Equipment	**1,830**	**0**	**580**
Intangible assets impairments and reversals charged to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Over-specification of assets	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	0		0
Changes in market price	0		0
Total charged to Annually Managed Expenditure	**0**		**0**
Intangible Assets impairments and reversals charged to the Revaluation Reserve			
Loss or damage resulting from normal operations	0		
Over-specification of assets	0		
Abandonment of assets in the course of construction	0		
Unforeseen obsolescence	0		
Loss as a result of catastrophe	0		
Other	0		
Changes in market price	0		
Total impairments for Intangible Assets charged to Reserves	**0**		
Total Impairments of Intangibles	**0**	**0**	**0**
Financial Assets charged to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Loss as a result of catastrophe	0		0
Other	0		0
Total charged to Annually Managed Expenditure	**0**		**0**
Financial Assets impairments and reversals charged to the Revaluation Reserve			
Loss or damage resulting from normal operations	0		
Loss as a result of catastrophe	0		
Other	0		
TOTAL impairments for Financial Assets charged to reserves	**0**		
Total Impairments of Financial Assets	**0**	**0**	**0**
Non-current assets held for sale - impairments and reversals charged to SoCNE.			
Loss or damage resulting from normal operations	0	0	0

Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	0		0
Changes in market price	0		0
Total charged to Annually Managed Expenditure	**0**		**0**
Total impairments of non-current assets held for sale	**0**	**0**	**0**
Inventories - impairments and reversals charged to SoCNE			
Loss or Damage Resulting from Normal Operations	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen Obsolescence	0		0
Loss as a Result of a Catastrophe	0		0
Other (Free text note required)*	0		0
Changes in Market Price	0		0
Total charged to Annually Managed Expenditure	**0**		**0**
Total impairments of Inventories	**0**	**0**	**0**
Investment Property impairments charged to SoCNE			
Loss or Damage Resulting from Normal Operations	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen Obsolescence	0		0
Loss as a Result of a Catastrophe	0		0
Other (Free text note required)*	0		0
Changes in Market Price	0		0
Total charged to Annually Managed Expenditure	**0**		**0**
Total Investment Property impairments charged to SoCNE	**0**	**0**	**0**
Investment Property impairments and reversals charged to the Revaluation Reserve			
Loss or Damage Resulting from Normal Operations	0		
Over Specification of Assets	0		
Abandonment of Assets in the Course of Construction	0		
Unforeseen Obsolescence	0		
Loss as a Result of a Catastrophe	0		
Other (Free text note required)*	0		
Changes in Market Price	0		
TOTAL impairments for Investment Property charged to Reserves	**0**		
Total Investment Property Impairments	**0**	**0**	**0**
Total Impairments charged to Revaluation Reserve	1,250		
Total Impairments charged to SoCNE - DEL	0	0	0
Total Impairments charged to SoCNE - AME	580		580
Overall Total Impairments	**1,830**	**0**	**580**
Of which:			
Impairment on revaluation to "modern equivalent asset" basis	**0**	0	0
Donated and Gov Granted Assets, included above -			
PPE - Donated and Government Granted Asset Impairments: amount charged to SoCNE - DEL*	0	0	0
Intangibles - Donated and Government Granted Asset Impairments: amount charged to SoCNE -AME*	0	0	0

15 Investment property

The PCT has no Investment property.

16 Commitments

16.1 Capital commitments

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

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

16.2 Other financial commitments

The trust has entered into non-cancellable contracts (which are not leases or PFI contracts or other service

	31 March 2013 £000	31 March 2012 £000
Not later than one year	**0**	0
Later than one year and not later than five year	**0**	0
Later than five years	**0**	0
Total	**0**	0

17 Intra-Government and other balances

	Current receivables £000s	**Non-current receivables £000s**	**Current payables £000s**	**Non-current payables £000s**
Balances with other Central Government Bodies	76	0	1,125	0
Balances with Local Authorities	1,062	0	364	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	683	0	3,131	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	1,026	187	19,544	0
At 31 March 2013	**2,847**	**187**	**24,164**	**0**
prior period:				
Balances with other Central Government Bodies	46	0	511	0
Balances with Local Authorities	1,005	0	713	0
Balances with NHS Trusts and Foundation Trusts	6,034	0	4,357	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	810	0	20,399	0
At 31 March 2012	**7,895**	**0**	**25,980**	**0**

18 Inventories

The PCT has no Inventories.

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	**288**	5,943	**0**	0
NHS receivables - capital	**0**	0	**0**	0
NHS prepayments and accrued income	**471**	137	**0**	0
Non-NHS receivables - revenue	**716**	1,184	**0**	0
Non-NHS receivables - capital	**0**	0	**187**	0
Non-NHS prepayments and accrued income	**1,104**	834	**0**	0
Provision for the impairment of receivables	**(152)**	(289)	**0**	0
VAT	**50**	62	**0**	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	**0**	0	**0**	0
Interest receivables	**0**	0	**0**	0
Finance lease receivables	**0**	0	**0**	0
Operating lease receivables	**370**	0	**0**	0
Other receivables	**0**	24	**0**	0
Total	**2,847**	7,895	**187**	0
Total current and non current	**3,034**	7,895		
Included above:				
Prepaid pensions contributions	**0**	0		

The great majority of trade is with other NHS bodies, including other Primary Care Trusts as commissioners for NHS patient care services. As Primary Care Trusts 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	**2,529**	2,230
By three to six months	**0**	1,729
By more than six months	**43**	0
Total	**2,572**	3,959

19.3 Provision for impairment of receivables

	2012-13 £000	**2011-12 £000**
Balance at 1 April 2012	**(289)**	**(292)**
Amount written off during the year	**137**	3
Amount recovered during the year	**0**	0
(Increase)/decrease in receivables impaired	**0**	0
Balance at 31 March 2013	**(152)**	(289)

20 NHS LIFT investments

	Loan £000	Share capital £000	Total £000
Balance at 1 April 2012	**134**	**2**	**136**
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 2013	**134**	**2**	**136**
Balance at 1 April 2011	123	2	125
Additions	0	0	0
Disposals	0	0	0
Loan repayments	0	0	0
Revaluations	11	0	11
Loans repayable within 12 months	0	0	0
Balance at 31 March 2012	**134**	**2**	**136**

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	**136**	0
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	**136**	0

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

	31 March 2013 £000	31 March 2012 £000
EU Emissions Trading Scheme Allowance	**0**	0
Other Assets	**0**	0
Total	**0**	0

23 Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Opening balance	**1**	0
Net change in year	**2,793**	0
Closing balance	**2,794**	0
Made up of		
Cash with Government Banking Service	**2,794**	1
Commercial banks	**0**	0
Cash in hand	**0**	0
Current investments	**0**	0
Cash and cash equivalents as in statement of financial position	**2,794**	1
Bank overdraft - Government Banking Service	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in statement of cash flows	**2,794**	1
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	75	150	0	0	0	0	0	0	0	**225**
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**
Transfers (to)/from other public sector bodies	0	0	0	0	0	0	0	0	0	**0**
Revaluation	0	0	0	0	0	0	0	0	0	**0**
Balance at 31 March 2013	**75**	**150**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**225**
Liabilities associated with assets held for sale at 31 March 2013	**0**	**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	35	79	0	0	0	0	0	0	0	**114**
Less assets sold in the year	(35)	(79)	0	0	0	0	0	0	0	**(114)**
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**

Revaluation reserve balances in respect of non-current assets held for sale were:

At 31 March 2012	0
At 31 March 2013	0

Balsall Common Clinic is the property that is held for sale in 2012-13. A new GP Clinic was completed early in 2012-13 and the staff moved from the old clinic to the new GP Clinic during the year. It is likely that the old clinic will be sold early in 2013-14.

25 Trade and other payables

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Interest payable	**0**	0		
NHS payables - revenue	**3,784**	3,573	**0**	0
NHS payables - capital	**0**	0	**0**	0
NHS accruals and deferred income	**472**	1,295	**0**	0
Family Health Services (FHS) payables	**8,288**	8,228		
Non-NHS payables - revenue	**2,343**	12,354	**0**	0
Non-NHS payables - capital	**577**	290	**0**	0
Non_NHS accruals and deferred income	**8,301**	0	**0**	0
Social security costs	**60**	137		
VAT	**15**	32	**0**	0
Tax	**136**	71		
Payments received on account	**0**	0	**0**	0
Other	0	0	0	0
Total	**23,976**	25,980	**0**	0
Total payables (current and non-current)	**23,976**	**25,980**		
Included above:				
to buy out the liability for early retirements over 5 Years (£000s)	0	0		
number of cases Involved (number)	0	0		
Outstanding pension contributions at year end (£000s)	108	77		

26 Other liabilities

There are no Other liabilities.

27 Borrowings

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Bank overdraft - Government Banking Service	**0**	0		
Bank overdraft - commercial banks	**0**	0		
PFI liabilities:				
Main liability	**0**	0	**0**	0
Lifecycle replacement received in advance	**0**	0	**0**	0
LIFT liabilities:				
Main liability	**226**	203	**4,352**	4,578
Lifecycle replacement received in advance	**0**	0	**0**	0
Finance lease liabilities	**0**	0	**0**	0
Other (describe)	**0**	0	**0**	0
Total	**226**	**203**	**4,352**	**4,578**
Total other liabilities (current and non-current)	**4,578**	**4,781**		

Borrowings/Loans - Payment of Principal Falling Due in:

	DH	Other	Total
	£000s	**£000s**	**£000s**
0 - 1 Years	0	226	**226**
1 - 2 Years	0	141	**141**
2 - 5 Years	0	636	**636**
Over 5 Years	0	3,575	**3,575**
TOTAL	**0**	**4,578**	**4,578**

28 Other financial liabilities

There are no other financial liabilities.

29 Deferred income

There is no deferred income.

30 Finance lease obligations

There are no finance lease obligations.

32 Provisions

Comprising:

	Total £000s	Pensions to Former Directors £000s	Pensions Relating to Other Staff £000s	Legal Claims £000s	Restructuring £000s	Continuing Care £000s	Equal Pay £000s	Agenda for Change £000s	Other £000s	Redundancy £000s
Balance at 1 April 2012	**4,862**	0	1,604	0	0	794	0	0	1,491	973
Arising During the Year	**2,100**	0	226	0	0	1,365	0	0	375	134
Utilised During the Year	**(1,934)**	0	(202)	0	0	(185)	0	0	(614)	(933)
Reversed Unused	**(1,245)**	0	0	0	0	(332)	0	0	(913)	0
Unwinding of Discount	**36**	0	5	0	0	0	0	0	31	0
Change in Discount Rate	**0**	0	0	0	0	0	0	0	0	0
Transferred (to)/from otherPublic Sector bodies	**0**	0	0	0	0	0	0	0	0	0
Balance at 31 March 2013	**3,819**	**0**	**1,633**	**0**	**0**	**1,642**	**0**	**0**	**370**	**174**
Expected Timing of Cash Flows:										
No Later than One Year	**746**	**0**	**202**	**0**	**0**	**0**	**0**	**0**	**370**	**174**
Later than One Year and not later than Five Years	**2,450**	**0**	**808**	**0**	**0**	**1,642**	**0**	**0**	**0**	**0**
Later than Five Years	**623**	**0**	**623**	**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	229
As at 31 March 2012	195

Other provisions include:

- £1,633k provision for pensions relating to other staff was inherited from the PCT's predecessor organisation and covers the cost of early retirements resulting from restructuring in the health economy before 1995. Cashflows and timings in respect of this provision are relatively constant (in 2011-12 the balance was £1,604k).
- £217k relating to potential liability for employer costs in respect of payment arrangements relating to GP consortia (in 2011-12 the balance was nil)
- The £174k provision for redundancy relates to the impact of efficiency requirements as a result of current NHS changes (in 2011-12 the balance was £973k).
-£151k in respect of PCT closedown costs.
- The £1,642k provision for continuing care relates to potential claims for nursing home restitution payments. Potential liabilities relate to costs currently classed as social care costs that may on appeal be deemed to be healthcare costs and therefore the liability of the PCT rather than the local authority. The provision includes estimates in respect of claims submitted in advance of the notified deadline of 30.09.12.

33 Contingencies

	31 March 2013 £000	31 March 2012 £000
Contingent liabilities		
Equal Pay	**0**	0
Other	**(4,507)**	(431)
Amounts Recoverable Against Contingent Liabilities	**0**	0
Net Value of Contingent Liabilities	**(4,507)**	(431)
Contingent Assets		
Contingent Assets	**0**	0
Net Value of Contingent Assets	**0**	0

The contingent liability relates to potential claims for nursing home restitution payments which, on the balance of evidence so far, these claims will fail to meet the criteria, however a contingent liability is included.

34 PFI and LIFT - additional information

Solihull PCT has no PFI contracts and there are no LIFT schemes off SOFP

The PCT has entered into an NHS LIFT contract with the Birmingham and Solihull LIFT company. The contract is for the provision of serviced accommodation over a 25 year period and provides the CT with the use of a purpose built Primary Care Centre for the provision of services to the local population by GP's and other primary care professionals.

Name of Property	Start of operating period	End of operating period
Chelmsley Wood Primary Care Centre	26th July 2005	30th June 2030

The PCT has not taken the option to purchase the building at the end of the 25 years. Under IFRIC 12, the asset is treated as an asset of the PCT, the substance of the contract is that the PCT has a finance lease and payments comprise two elements - imputed finance lease charges and service charges - and provides details of the charges in the tables below.

Charges to operating expenditure and future commitments in respect of on and off SOFP LIFT	**31 March 2013 £000**	31 March 2012 £000
Total Charge to Operating Expenses in year - OFF SOFP LIFT	**0**	0
Service element of on SOFP LIFT charged to operating expenses in year	**146**	122
Total	**146**	122

	31 March 2013 £000	31 March 2012 £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	**154**	125
Later than One Year, No Later than Five Years	**655**	530
Later than Five Years	**2,459**	2,182
Total	**3,268**	2,837

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:

	31 March 2013 £000	31 March 2012 £000
Estimated capital value of project - off SOFP LIFT	0	0
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 £000**	31 March 2012 £000
No Later than One Year	**450**	438
Later than One Year, No Later than Five Years	**1,579**	1,634
Later than Five Years	**4,824**	5,220
Subtotal	**6,853**	7,292
Less: Interest Element	**(2,275)**	(2,511)
Total	**4,578**	4,781

35 Impact of IFRS treatment - 2012-13

	Total £000	Admin £000	Programme £000
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g LIFT/PFI)			
Depreciation charges	**378**	378	0
Interest Expense	**0**	0	0
Impairment charge - AME	**0**		0
Impairment charge - DEL	**0**	0	0
Other Expenditure	**0**	0	0
Revenue Receivable from subleasing	**0**	0	0
Total IFRS Expenditure (IFRIC12)	**378**	**378**	**0**
Revenue consequences of LIFT/PFI schemes under UK GAAP / ESA95 (net of any sublease income)	**0**	0	0
Net IFRS change (IFRIC12)	**378**	**378**	**0**

Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12	
Capital expenditure 2012-13	0
UK GAAP capital expenditure 2012-13 (Reversionary Interest)	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/Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The PCT/Trust has no overseas operations. The PCT/Trust 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' £000**	**Loans and receivables £000**	**Available for sale £000**	**Total £000**
Embedded derivatives	0			**0**
Receivables - NHS		288		**288**
Receivables - non-NHS		1,086		**1,086**
Cash at bank and in hand		2,794		**2,794**
Other financial assets	0	0	136	**136**
Total at 31 March 2013	**0**	**4,168**	**136**	**4,304**
Embedded derivatives	0			0
Receivables - NHS		5,943		5,943
Receivables - non-NHS		1,208		1,208
Cash at bank and in hand		2		2
Other financial assets	0	0	136	136
Total at 31 March 2012	0	7,153	136	7,289

36.2 Financial Liabilities	**At 'fair value through profit and loss' £000**	**Other £000**	**Total £000**
Embedded derivatives	0		**0**
NHS payables		4,256	**4,256**
Non-NHS payables		19,720	**19,720**
Other borrowings		4,578	**4,578**
PFI & finance lease obligations		0	**0**
Other financial liabilities	0	0	**0**
Total at 31 March 2013	**0**	**28,554**	**28,554**
Embedded derivatives	0		0
NHS payables		4,478	4,478
Non-NHS payables		21,502	21,502
Other borrowings		4,781	4,781
PFI & finance lease obligations		0	0
Other financial liabilities	0	0	0
Total at 31 March 2012	**0**	30,761	30,761

37 Related party transactions

Details of related party transactions with individuals are as follows:

Board Member / Senior Manager	Organisation	Position in related organisation	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
			£	£	£	£
Rod Anthony	NHS Institute for Innovation & Improvement	Director	36,000	0	0	0
	Audit Commission	Finance and Efficiency Advisory Group Member	62,703	0	0	0
Rachel Hardy	University Hospitals Coventry And Warwickshire NHS Trust	Husband is Chief Executive	3,373,000	0	101,000	0
Barry Henley	Birmingham City Council	Elected member	13,000	0	0	0
Denise McLellan	NHS Walsall	Employer	0	0	0	0
	Maidstone & Tunbridge Wells Hospital	Sister is a Manager	3,000	0	0	0
Brendan O'Brien	BT	BT plc Employee	24,462	0	337	0
	Heart of England Foundation Trust	Wife and daughter employees	133,369,000	3,119,000	1,318,000	131,000
Peter Spilsbury	University of Birmingham	Honorary Fellow	14,900	540	0	968
John Taylor	BaS Lift Ltd (Birmingham & Solihull LIFTCo)	Chair	820,925	0	0	0
	Autism West Midlands	Trustee and Director	25,825	0	0	0
Anand Chitnis	The Castle Practice	GP Partner	1,325,802	0	562	0
	NHS West Midlands	GP Trainer	11,000	1,618,000	0	13,000

Note: Payment and receipts relating to NHS bodies & other government departments reflect Income and Expenditure as per the 2012/13 Agreement of Balances process.

The Department of Health is regarded as a related party. During the year Solihull Primary Care Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. For example:

2012-13	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£000's	£000's	£000's	£000's
West Midlands Strategic Health Authority	11	1,618	0	13
Health Protection Agency	0	40	0	0
NHS Institute of Innovation & Improvement	36	0	0	0
NHS Litigation	82	0	0	0
NHS Business Services Authority	118	0	0	0
Birmingham East and North PCT	36,816	243	462	3
Dudley PCT	141	0	23	0
Heart of Birmingham PCT	83	18	0	0
South Birmingham PCT	80	38	550	20
Warwickshire PCT	112	0	28	0
Birmingham Community Healthcare Trust	1,675	0	0	25
Coventry And Warwickshire Partnership NHS Trust	6,647	498	0	56
Sandwell and West Birmingham Hospitals NHS Trust	3,532	0	70	0
West Midlands Ambulance Service	5,758	0	132	0
Birmingham and Solihull Mental Health Foundation Trust	13,918	44	0	257
Birmingham Childrens Hospital NHS Foundation Trust	3,059	0	487	0
Birmingham Womens NHS Foundation Trust	1,169	0	206	0
Heart of England NHS Foundation Trust	133,369	3,119	1,318	131
Royal Orthopaedic Hospital NHS Foundation Trust	2,056	0	20	0
South Staffordsdhire Healthcare NHS Foundation Trust	4	0	0	0
University Hospital Birmingham NHS Foundation Trust	10,123	0	242	0
South Warwickshire NHS Foundation Trust	2,922	0	172	0

In addition the Primary Care trust has had a number of material transactions with other government departments and other central & local government bodies.
Most of these transactions have been with:

Related Party	Purpose of Transactions	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
		£000's	£000's	£000's	£000's
Birmingham City Council		13	0	0	0
Solihull Metropolitan Borough Council	Purchase of Community Care	15,297	1,674	364	1062

The Primary Care Trust was the corporate trustee to the Solihull Care Trust Charitable Fund, the value of these funds at 31/03/2013 was £0k (prior year £5k)

37 Related party transactions

Details of related party transactions with individuals in 2011-12 were as follows:

Board Member/ Senior Manager	Organisation	Position in related organisation	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
			£	£	£	£
Denise Mclellan	*Maidstone& Tunbridge Wells NHS Trust*	*Sister is a Manager*	8,810	0	0	0
	NHS Walsall	*Employer*	20,102	**0**	**0**	**0**
Rod Anthony	*NHS Institute For Innovation & Improvement*	*Director*	10,076	**0**	**0**	**0**
	Audit Commission; Finance & Efficiency Advisory Group	*Member (from 26 May 2010)*	193,588	0	40,712	0
John Taylor	*BaS Lift Ltd*	*Chair*	853,127	23,725	0	0
	Autism West Midlands	*Trustee & Director*	148,701	0	0	0
Rachel Hardy	*University Hospitals Coventry And Warwickshire NHS Trust*	*Husband is Chief Executive*	3,299,064	0	199,856	0
Peter Spilsbury	*University of Birmingham , Health Services Management Centre*	*Honorary Fellow*	0	428	0	0
Cllr Bob Sleigh	*Solihull Metropolitan Borough Council*	*Elected Member (ongoing)*	7,554,315	854,578	713,261	976,322
	Solihull Metropolitan Borough Council	*Deputy Leader & Cabinet Member For Health & Well-being (from 25th May 2011)*	As Above	As Above	As Above	As Above
	Solihull Metropolitan Borough Council	*Lay Mental Health Act Manager*	As Above	As Above	As Above	As Above
	Birmingham & Solihull Mental Health Foundation Trust	*Lay Mental Health Act Manager*	15,411,800	95,910	0	66,629
	Birmingham Children's Hospital	*Lay Mental Health Act Manager*	2,534,527	0	163,751	0
Barry Henley	*Birmingham City Council*	*Elected Member (ongoing)*	0	146,435	0	28,885
Brendan O'Brien	*BT PLC*	*Employee*	16,351	0	0	0
	Heart of England NHS Foundation Trust	*Wife & Daughter Employees*	133,743,406	3,103,311	1,255,431	5,598,153
Anand Chitnis	*The Castle Practice*	*Chief Executive*	1,213,708	0	811.2	0
	NHS West Midlands	*Chair*	11,298	1,740,811	0	0
Cllr Kenneth Meeson	*Solihull Metropolitan Borough Council*	*Elected Councillor*	As Above	0	0	0
	Birmingham & Solihull Mental Health NHS Foundation Trust	*Lay Mental Health Act Manager*	As Above	As Above	As Above	As Above
	Sir Josiah Mason Trust Group of Charities	*Trustee*	5,417	0	0	0
Cllr Sue Rose	*Solihull Metropolitan Borough Council*	*Elected Member (ongoing)*	As Above	As Above	As Above	As Above
	Citizens Advice Bureau	*Advisor*	10,000	0	0	0
Phil Church	*Management Angles Ltd*	*Managing Director & 50% Owner*	194,991	0	0	0
	West Hertfordshire Hospitals NHS Trust	*Contract*	5,196	0	837	0
Peter Hay	*Birmingham City Council*	*Strategic Director*	As Above	As Above	As Above	As Above
Cllr Sue Anderson	*Birmingham City Council*	*Elected Member (ongoing)*	As Above	As Above	As Above	As Above
Dave Martin	*Solihull Metropolitan Borough Council*	*Interim Director of Adult Social Services*	As Above	As Above	As Above	As Above
Lesley Heale	*Solihull Metropolitan Borough Council*	*Director of People*	As Above	As Above	As Above	As Above
Sharon Bailey	*Solihull Metropolitan Borough Council*	*Acting Director of People*	As Above	As Above	As Above	As Above

Note: Payment and receipts relating to NHS bodies & other government departments reflect Income and Expenditure as per the 2011/12 Agreement of Balances process.

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	13,370	2
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	13,370	2
Total losses and special payments	13,370	2

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	1,858	3
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	1,858	3
Total losses and special payments	1,858	3

Details of cases individually over £250,000

There were no cases over £250,000

39 Third party assets

There are no assets held on behalf of other bodies.

40 Pooled budget

Solihull PCT has a pooled budget arrangement with Solihull Metropolitan Borough Council for a Joint Public Health Director.

	Contribution by PCT £000s	Expenditure on PCT a/cs £000s
Joint Director of Public Health	83	164

41 Cashflows relating to exceptional items

There is no cashflow relating to exceptional items.

42.1 Events after the end of the reporting period

The main functions carried out by Solihull PCT in 2012-13 are to be carried out in 2013-14 by the following public sector organisations;

- Solihull Clinical Commissioning Group
- NHS England(Commissioning Board)
- Public Health England
- Solihull Metropolitan Borough Council
- NHS Property Services

Subject to any final changes required by the Department of Health, the assets and liabilities of the PCT will be transferred to successor bodies as indicated above. This indicative transfer follows the policies and principles laid out in the *Transfer of Claims, Liabilities and related Financial Assets* Guidance issued by the Department of Health. A copy of this guidance is available by following the link www.info.doh.gov.uk/doh/finman.nsf - the document is in the Handover and Closedown area of the Finance manual
The ultimate destination of the assets and liabilities will be confirmed following the final review of transfer orders by the Department of Health.

Annual Governance Statement – 2012/13
Solihull Primary Care Trust

Scope of responsibility

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

The performance of the PCT is monitored through that of the Birmingham and Solihull PCT Cluster by NHS Midlands and East via their assessment of the PCT is meeting its obligations, as set out in the NHS Operating Framework 2012/13. This is undertaken by the submission of reports, by declarations of compliance and by meetings between NHS Midlands and East and PCT staff. My personal performance is appraised and managed by the Chairman on behalf of the PCT Board.

In 2011/12, the PCT delegated responsibility for the operational delivery of its statutory functions to a joint sub-committee of Birmingham and Solihull PCTs this includes; Birmingham East & North, Heart of Birmingham, Solihull and South Birmingham. This arrangement has continued throughout the duration of 2012/13 and I have led the transition to a new NHS architecture which includes the formal transfer of a number of PCT statutory functions to new NHS bodies and/or partner local authorities.

As a manifestation of these transitional arrangements, the Birmingham Cross City, Birmingham South Central and Solihull Clinical Commissioning Groups (CCG) were set up as a sub-committee of the Cluster Board during 2012/13. This enabled the PCT, through the shadow CCG, to work as an equal partner within the locality partnership arrangements. Senior PCT staff were members of these partnership boards and the work of these partnership boards was presented to each CCG Board. The CCG has a good working relationship with the locality Health and Social Care Scrutiny Panel(s). The CCG continues to work with Local Involvement Networks (LINks) and has been an active partner in the development of the new HealthWatch.

The PCT, through the shadow CCG, has continued the partnership work by being an active member within the Shadow Health and Well Being Board. The Cluster has also been directly represented on each of the Shadow Health and Well Being Boards in Birmingham and Solihull. The Joint Directors of Public Health have been working with the local authority on the transfer of Public Health in accordance with the Health and Social Care Act.

I have ensured that the PCT, through the joint sub-committee of the Cluster has documented for successor organisations significant areas of work through the Handover Document and the Quality Handover Document. Both these were presented to the final Cluster Board meeting and were formally 'sent' to receiver organisations. I also ensured that any ongoing work associated with open complaints, claims, fraud cases and serious incidents were also officially 'sent' to receiver organisations through the last PCT Board meeting. The Cluster has been working to a closedown plan, overseen by the Transition Committee, accountable to the PCT Board.

The governance framework of the organisation

The governance framework is designed to manage risk to a reasonable level rather than to guarantee the elimination of all risk of failure to achieve aims and objectives; it cannot therefore provide an absolute assurance of effectiveness. The governance framework and systems of internal control is an evolutionary process designed to:

- Identify and prioritise the risks to the delivery of aims and objectives
- Evaluate the likelihood of those risks occurring and the impact should they be realised, and to manage them efficiently, effectively and economically

The system of internal control has been reviewed and amended throughout the 2012/13 year to reflect the nature of the transitional environment and to ensure a robust assurance framework continues to be in place to best support the delivery of key aims

<u>The Board</u>

For the period April – September 2012 inclusive the PCT was led by a Chief Executive. With effect, 1 October 2012 I was appointed the Accountable Officer and thus the Chief Executive of the PCT together with the other PCTs that made up the Cluster. I received a detailed handover from my predecessor which was documented and presented to the Cluster Board for assurance. The PCT Executive Team also changed on 1 October and I ensured they each received a detailed handover from their outgoing predecessor. The Quality Handover Document was presented to the Board for assurance. The Executive Team and I have been working with the receiver organisations to ensure the safe execution of the NHS Health and Social Care Act 2012.

The Cluster Board (which in turn operated as the PCT Board) had 14 voting members:

- 1 Chair
- 7 Non executives
- 1 Chief Executive
- 1 Nurse Director
- 1 Director of Finance
- 1 Director of Commissioning
- 1 Medical Director
- 1 Director of Public Health

The Joint Directors of Communications, Associate Director Corporate Affairs and a Board Secretary were in regular attendance. There continued to be a Director of Public Health in each PCT, but one represented colleagues at the Cluster Board. The Board also invited a number of co-opted, non-voting Members onto the Board to represent the broad stakeholder interest in the Board agenda.

Board meetings were held in public once every month until September 2012 and then bi-monthly from October 2012 to March 2013. Average attendance for the whole of 2012/13 is 83%.

A review of Board performance against the requirements of the Corporate Governance Code has been completed for the 2012/13 year and I am confident that all relevant requirements have demonstrable evidence available to support a declaration of full compliance.

Board committee structure

The Board committee structure was reviewed on a regular basis throughout 2012/13 to ensure that the Board was appropriately supported in discharging its functions effectively and that the transition to the new NHS architecture was adequately reflected. Each sub-committee has a term of reference which has been approved by the Board and provides a robust framework for the functions and duties of the committee to be discharged in a manner that ensures the main Board retains sufficient oversight of the proper performance of the delegated functions.

The board committee structure for the period April to September 2012 inclusive is shown at Appendix 1. Following my appointment in October 2012 I reviewed the existing arrangements and implemented a series of changes to consolidate the committee structure and make best use of my Executive Team resource. This is shown at Appendix 2.

Risk assessment

As Accountable Officer, I have overall responsibility for risk management and the arrangements to support this are clearly articulated in the Board Assurance Framework and Risk Management Strategy. Moreover, in October 2012 the Standing Orders, SFI's and the Scheme of Reservation and Delegation were all reviewed and updated across the Cluster. They were approved at both the Cluster Audit Committee and the Cluster Board. To provide assurance to the Board all financial leads across the Cluster were written to and asked to sign to say they had received and disseminated the revised documents as necessary.

The PCT has reviewed the arrangements for delivery of key aspects of internal control mechanisms throughout the year to ensure they remain appropriate and reflective of the transition this includes; Local Security Management Service, compliance with the Health and Safety at Work Act Standards of Business Conduct and developing emergency response plans against regional and national directives.

Newly identified risks; i.e. risks identified in the year 2012/13

The Board Assurance Framework (attached at Appendix 3) is the mechanism by which all strategic level risks are identified, mitigated and reviewed by the Board. All risks contained on this exception report have been newly identified within the 2012/13 year. Risks which are deemed to be borough wide and impact on other stakeholders are addressed through the appropriate partnership working arrangements Other risks are addressed through other routes for example the emergency planning partnership work. Internal Audit has provided assurances on the operation of the Assurance Framework.

Data Security

Responsibility for Information Governance has been vested in the following colleagues throughout the year:

- Caldicott Guardian – Doug Wulf, Associate Medical Director (April to May)
- Caldicott Guardian – Nick Griggs, Associate Medical Director (May to September)
- Caldicott Guardian - Steven Cartwright, Medical Director (October to March)
- Senior Information Risk Officer – Diane Reeves, Medical Director (April to October)
- Senior Information Risk Officer – Alison Taylor, Director of Finance (November to March)

There have been no breaches of data security in year.

There is a strong data security culture within the organisation backed up by mandatory training for all staff. Sanctions would be applied if staff wilfully disregarded basic security measures. All laptops and blackberries are encrypted and staff can send encrypted emails using the 'confidential' option on the email system.

Risk and Control framework

The PCT Risk Management Strategy sets out the role and responsibility of the Chief Executive and other key officers in relation to Risk Management. The Executive Nurse and Medical Director provide clinical leadership in the clinical governance area and in particular quality and safety within the providers that the PCT commission from.

The Clinical Executive/Quality and Safety Committee, chaired by the Medical Director with non-executive director attendance, meets monthly and is accountable to the PCT Board. This Committee assures the Board of the management of risk within the Cluster. It monitors the work of the Clinical Quality Review meetings with our main providers and the work of the Care Quality Commission locally (for example their assessments of nursing homes). It also reviews the red risks associated with quality and the serious incident reports. The Audit Committee gives assurance to the Board that risk is being managed appropriately within the Cluster.

The Assurance Framework provides the overall mechanism for the Cluster Board and hence the PCT to manage its strategic risks. It was based upon the Assurance Framework for 2011/12 which was developed by the whole Cluster Board during a facilitated planning event and each of the risks identified has a lead Cluster director whose responsibility it is to ensure that the risk is mitigated. Action plans are in place to mitigate the risks identified and embedded within the day to day working of the Cluster. The Cluster published information in relation to the Equality Act by 31 January 2013 as required.

The red risk register holds the high operational risks and the financial consequences of the risk are identified where appropriate. These are categorised as 'red' on the 5x5 risk scoring matrix. Again, there is a lead director identified who puts an action plan in place and ensures that the risk is mitigated. The red risk register is reviewed regularly at the Cluster's

Transitional Committee (which was established to oversee the transition arrangements put in place to enact the NHS reorganisation resulting from the NHS and Social Care Act).

The Cluster was conscious that the year 2012/13 was one of extreme disruption within the management of the NHS. As such, the Transition Committee was instrumental in monitoring the risks associated with the changes. These risks and their mitigation were then reported to each Board meeting. The Audit Committee also reviewed the Cluster's approach to risk and the risk register. The Cluster put into place robust mechanisms to ensure patient safety and quality was not compromised during this period. This included working closely with successor organisations in particular the CCGs to ensure continuity and transfer of corporate memory.

Review of the effectiveness of risk management and internal control

The PCT achieves assurance that risk management activities and systems are being appropriately identified and managed through the following:

- Annual Governance Statement, the Board Assurance Framework and transitional risk register
- The PCT Cluster's progress against its strategic and operational objectives
- Statistical and trend reporting of Incidents, Complaints and Claims to the Board and relevant Committees
- Correlation between incidents/near miss reporting and dates of occurrence
- Receiving assurance from Internal and External Audit that the PCT Cluster's Risk Management Systems are being implemented
- Information Governance Toolkit compliance

This proactive and reactive management of risks means that the PCT Cluster is able to provide a dynamic and continuous quality improvement process for the systematic identification and analysis of all risks. Relevant stakeholders are made aware of the significant risks through the PCT Cluster Board. Significant risks are prioritised according to their high numeric score.

The following sections set out a more detailed assessment of several specific areas.

Audit Committee reports

The Cluster Audit Committee has approved Terms of Reference that are in line with the Audit Committee Handbook, published by the HFMA and Department of Health. Its agenda is largely driven by the handbook with the content and timing of the meetings linked to the requirements of the financial year. The Committee had delegated authority from the Cluster Board to approve the Annual Financial Statements; the draft Annual Report and the annual accounts and report for Funds held on Trust (Charitable Funds). During 2012/13 it reported after every meeting to the Board. The Cluster Audit Committee worked very closely with Audit Committees within each Black Country locality. These local audit committees recommended the write-off of losses; ex gratia payments reported to the Cluster Audit Committee. An internal audit review has provided moderate assurance in relation to primary care contractor payment systems in relation to the PCT.

Pension

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

Fraud

The PCT has specific and appropriate arrangements in place to comply with the requirements of the Local Counter Fraud and Security Management Services Directives and the Bribery Act.

Head of Internal Audit Opinion

The HoIA Opinion describes the robustness of the arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work. The opinion concluded that the systems in respect of the Assurance Framework are robust and operate in a good control environment and gives significant assurance with regard to the management of risk in the core financial systems.

The basis for forming this opinion is drawn from an assessment of the design and operation of the underpinning Cluster Assurance Framework and supporting processes together with an assessment of the range of individual opinions arising from risk-based audit assignments including core financial systems.

There were limited instances of concerns being raised to the effectiveness of controls in respect of the PCTs level of compliance in relation to the Information Governance Toolkit, the management, administration and security of IT assets and the transition arrangements for public health to move to local authorities. In each instance, an action plan was agreed with management to address the issues during the course of the year.

Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide the Accountable Officer with assurance. The Assurance Framework itself provides evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. I am confident that this Annual Governance Statement is a balanced reflection of the actual control position and that where control weaknesses have been identified there is a sufficiently robust plan in place to strengthen the assurance available.

Significant Issues

There were no significant issues during 2012/13.

However, it should be noted that the following concerns have been raised towards the end of the financial year regarding the transition of certain systems and processes to NHS England:

- the future maintenance of primary care contract payment systems across Birmingham, Solihull and the Black Country, given the resilience issues reported by Internal Audit in relation to these systems within the Black Country Cluster

- the lack of suitable counter-fraud arrangements within NHS England to conclude open cases that relate to primary care contractors

It is appropriate that both these issues are referenced separately as given the proximity of the issue being raised to the abolition of the PCTs the future management actions necessary to mitigate and/or remove these risks will be transferred to the Birmingham, Black Country and Solihull Area Team on behalf of NHS England.

My review confirms that Solihull PCT had in place a generally sound system of internal control that supported the achievement of its policies, aims and objectives.

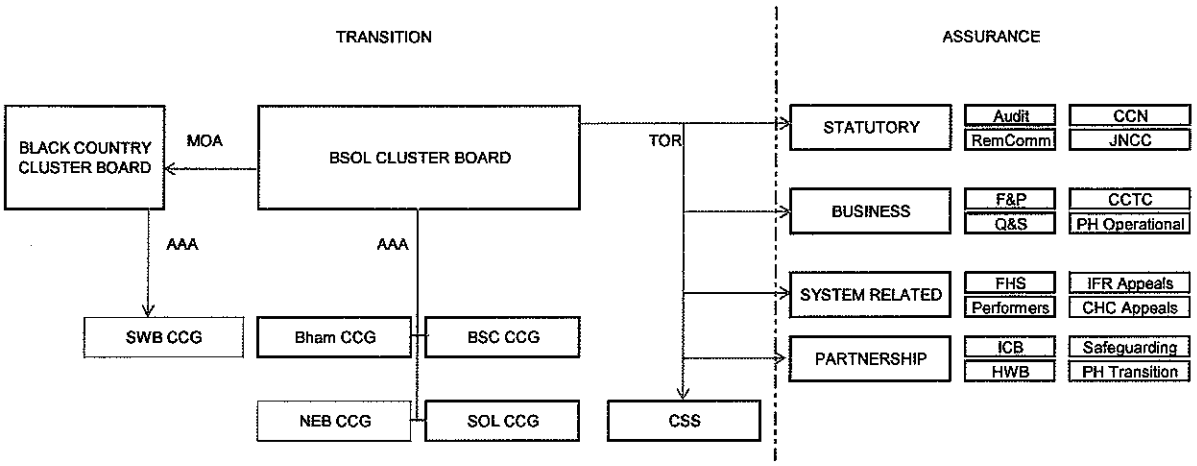
Accountable Officer : Wendy Saviour

Organisation: Solihull PCT

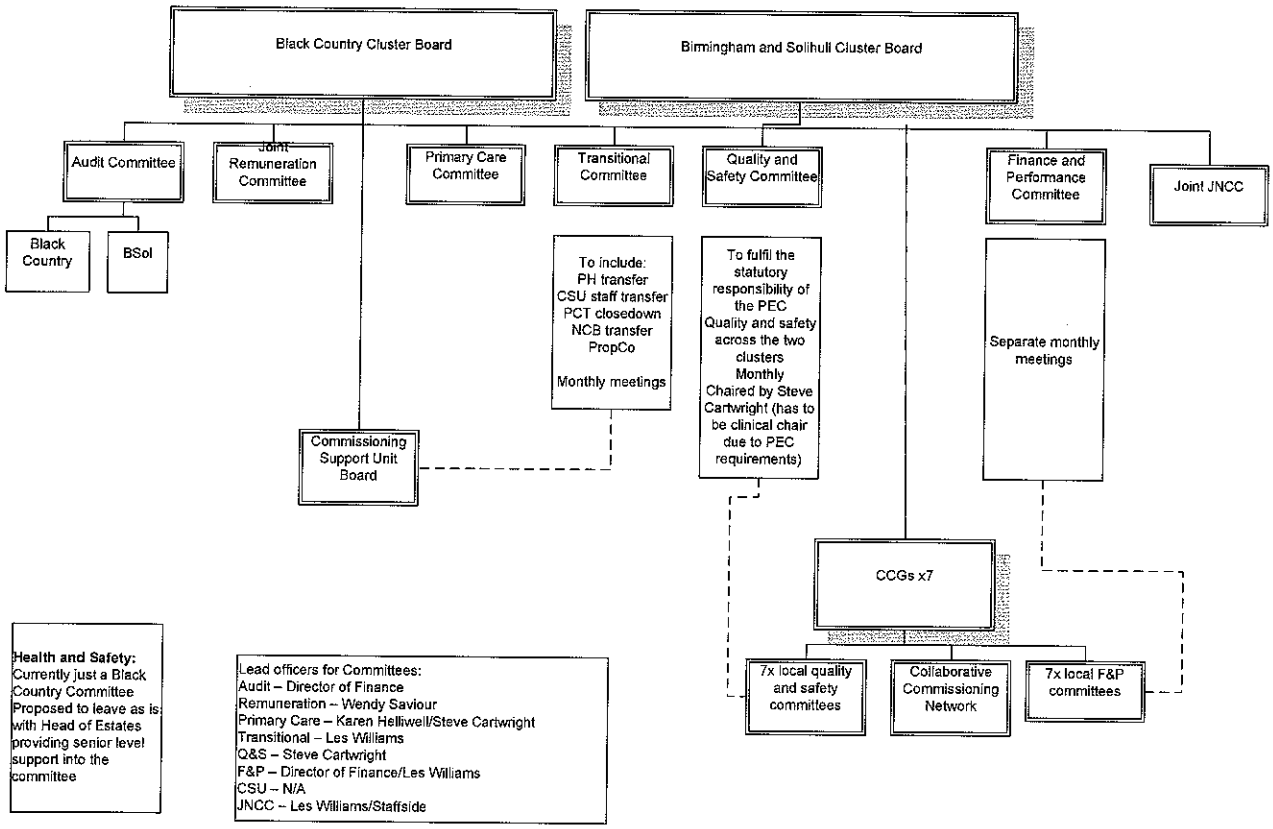
Signature W Saviour

Date 05·06·2013

Appendix 1: Board committee structure April – September 2012



Appendix 2: Board committee structure October 2012 – March 2013



Department of Health

NHS

South Birmingham Primary Care Trust

2012-13 Accounts

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South Birmingham Primary Care Trust

2012-13 Accounts

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: WENDY SAVAGE

Date. 05:06:2013.

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.

05:06:2013 Date ..... Signing Officer

05:06:2013 Date ..... Finance Signing Officer

INDEPENDENT AUDITOR'S REPORT TO THE DEPARTMENT OF HEALTH'S ACCOUNTING OFFICER IN RESPECT OF SOUTH BIRMINGHAM PRIMARY CARE TRUST

We have audited the financial statements of South Birmingham PCT 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. 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 that is subject to audit, being:

- the table of salaries and allowances of senior managers within the columns labelled 'Salary paid by South Birmingham PCT' and related narrative notes within the section 'Pensions and Remuneration Report'
- the table of pension benefits of senior managers and related narrative notes within the section 'Pensions and Remuneration Report'; and
- the table headed 'Remuneration of the highest paid individual' and related narrative notes specifically identified as relating to South Birmingham PCT within the section 'Pensions and Remuneration Report'.

This report is made solely to the Department of Health's accounting officer in respect of South Birmingham PCT 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 Department of Health's accounting officer and the Trust as a body, for our audit work, for this report, or for opinions we have formed.

Respective responsibilities of the signing officer, finance signing officer and auditor

As explained more fully in the Statement of Responsibilities, 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 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 Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trust; and 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 South Birmingham PCT 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 a reason to believe that the Trust, or an officer of the 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.

Other matters on which we are required to conclude

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice 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 and, having regard to the guidance issued by the Audit Commission, we have considered the results of the following:

· our review of the annual governance statement; and

· our detailed risk assessment.

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

Certificate

We certify that we have completed the audit of the financial statements of South Birmingham PCT in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

John Gregory
Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP

Colmore Plaza, 20 Colmore Circus, Birmingham B4 6AT

7 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	**11,535**	12,114
Other costs	5.1	**677,587**	663,860
Income	4	**(21,846)**	(16,571)
Net operating costs before interest		**667,276**	659,403
Investment income	9	**0**	(25)
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**777**	750
Net operating costs for the financial year		**668,053**	660,128
Transfers by absorption -(gains)		**0**	
Transfers by absorption - losses		**0**	
Net (gain)/loss on transfers by absorption		**0**	
Net Operating Costs for the Financial Year including absorption transfers		**668,053**	**660,128**
Of which:			
Administration Costs			
Gross employee benefits	7.1	**10,545**	10,460
Other costs	5.1	**14,685**	14,517
Income	4	**(4,732)**	(2,706)
Net administration costs before interest		**20,498**	**22,271**
Investment income	9	**0**	(25)
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**93**	104
Net administration costs for the financial year		**20,591**	**22,350**
Programme Expenditure			
Gross employee benefits	7.1	**990**	1,654
Other costs	5.1	**662,902**	649,343
Income	4	**(17,114)**	(13,865)
Net programme expenditure before interest		**646,778**	**637,132**
Investment income	9	**0**	0
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**684**	646
Net programme expenditure for the financial year		**647,462**	**637,778**

Other Comprehensive Net Expenditure	2012-13 £000	2011-12 £000
Impairments and reversals put to the Revaluation Reserve	**3,893**	533
Net (gain) on revaluation of property, plant & equipment	**(1,318)**	(1,042)
Net (gain) on revaluation of intangibles	**0**	0
Net (gain) on revaluation of financial assets	**0**	(14)
Net (gain)/loss on other reserves	**0**	0
Net (gain)/loss on available for sale financial assets	**0**	0
Net (gain) /loss on Assets Held for Sale	**0**	
Release of Reserves to Statement of Comprehensive Net Expenditure	**0**	
Net actuarial (gain)/loss on pension schemes	**0**	0
Reclassification Adjustments		
Reclassification adjustment on disposal of available for sale financial assets	**0**	0
Total comprehensive net expenditure for the year*	**670,628**	**659,605**

The notes on pages 5 to 15 form part of this account.

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	**80,306**	83,858
Intangible assets	13	**563**	1,389
investment property	15	**0**	0
Other financial assets	21	**141**	141
Trade and other receivables	19	**0**	0
Total non-current assets		**81,010**	85,388
Current assets:			
Inventories	18	**0**	0
Trade and other receivables	19	**9,966**	7,749
Other financial assets	36	**0**	0
Other current assets	22	**0**	0
Cash and cash equivalents	23	**2,361**	1
Total current assets		**12,327**	7,750
Non-current assets held for sale	24	**0**	0
Total current assets		**12,327**	7,750
Total assets		**93,337**	93,138
Current liabilities			
Trade and other payables	25	**(32,713)**	(33,880)
Other liabilities	26,28	**0**	0
Provisions	32	**(3,587)**	(3,075)
Borrowings	27	**(228)**	(208)
Other financial liabilities	36.2	**0**	0
Total current liabilities		**(36,528)**	(37,163)
Non-current assets plus/less net current assets/liabilities		**56,809**	55,975
Non-current liabilities			
Trade and other payables	25	0	0
Other Liabilities	28	0	0
Provisions	32	(5,341)	(4,985)
Borrowings	27	(5,903)	(6,132)
Other financial liabilities	36.2	0	0
Total non-current liabilities		**(11,244)**	(11,117)
Total Assets Employed:		**45,565**	44,858
Financed by taxpayers' equity:			
General fund		28,171	24,889
Revaluation reserve		17,394	19,969
Other reserves		0	0
Total taxpayers' equity:		**45,565**	44,858

The notes on pages 5 to 15 form part of this account.

The financial statements on pages 1 to 45 were approved by the Board on 05.06.13 *[date]* and signed on its behalf by

Chief Executive: W Davies Date: 05.06.13

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	**24,889**	**19,969**	**0**	**44,858**
Changes in taxpayers' equity for 2012-13				
Net operating cost for the year	(668,053)	0	0	**(668,053)**
Net gain on revaluation of property, plant, equipment	0	1,318	0	**1,318**
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	(3,893)	0	**(3,893)**
Movements in other reserves	0		0	**0**
Transfers between reserves*	0	0	0	**0**
Release of Reserves to SOCNE	0	0	0	**0**
Reclassification Adjustments			0	
Transfers between Revaluation Reserve & General Fund in respect of assets transferred under absorption	0	0	0	**0**
Net actuarial gain/(loss) on pensions	0	0	0	**0**
Total recognised income and expense for 2012-13	**(668,053)**	**(2,575)**	**0**	**(670,628)**
Net Parliamentary funding	671,335			**671,335**
Balance at 31 March 2013	**28,171**	**17,394**	**0**	**45,565**
Balance at 1 April 2011	**16,483**	**19,446**	**0**	**35,929**
Changes in taxpayers' equity for 2011-12				
Net operating cost for the year	(660,128)	0	0	(660,128)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment	0	1,042	0	1,042
Net Gain / (loss) on Revaluation of Intangible Assets	0	0	0	0
Net Gain / (loss) on Revaluation of Financial Assets	0	14	0	14
Net Gain / (loss) on Assets Held for Sale	0	0	0	0
Impairments and Reversals	0	(533)	0	(533)
Movements in other reserves	0	0	0	0
Transfers between reserves*	0	0	0	0
Release of Reserves to Statement of Comprehensive Net Expenditure	0	0	0	0
Reclassification Adjustments				
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	0	0	0
On disposal of available for sale financial assets	0	0	0	0
Net actuarial gain/(loss) on pensions	0		0	0
Total recognised income and expense for 2011-12	(660,128)	523	0	(659,605)
Net Parliamentary funding	668,534			668,534
Balance at 31 March 2012	**24,889**	**19,969**	**0**	**44,858**

Statement of cash flows for the year ended 31 March 2013

	NOTE	2012-13 £000	2011-12 £000
Cash Flows from Operating Activities			
Net Operating Cost Before Interest		**(667,276)**	(659,403)
Depreciation and Amortisation		**3,080**	2,961
Impairments and Reversals		**2,013**	558
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		**(651)**	(646)
Release of PFI/deferred credit		**0**	0
(Increase)/Decrease in Inventories		**0**	0
(Increase)/Decrease in Trade and Other Receivables		**(2,217)**	(5,315)
(Increase)/Decrease in Other Current Assets		**0**	0
Increase/(Decrease) in Trade and Other Payables		**265**	(10,881)
(Increase)/Decrease in Other Current Liabilities		**0**	0
Provisions Utilised		**(2,541)**	(524)
Increase/(Decrease) in Provisions		**3,283**	4,266
Net Cash Inflow/(Outflow) from Operating Activities		**(664,044)**	**(668,984)**
Cash flows from investing activities			
Interest Received		**0**	26
(Payments) for Property, Plant and Equipment		**(4,571)**	(2,849)
(Payments) for Intangible Assets		**(151)**	(167)
(Payments) for Other Financial Assets		**0**	0
(Payments) for Financial Assets (LIFT)		**0**	0
Proceeds of disposal of assets held for sale (PPE)		**0**	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 Inflow/(Outflow) from Investing Activities		**(4,722)**	**(2,990)**
Net cash inflow/(outflow) before financing		**(668,766)**	**(671,974)**
Cash flows from financing activities			
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		**(209)**	(193)
Net Parliamentary Funding		**671,335**	668,534
Capital Receipts Surrendered		**0**	0
Capital grants and other capital receipts		**0**	3,130
Cash Transferred (to)/from Other NHS Bodies (free text note required)		**0**	0
Net Cash Inflow/(Outflow) from Financing Activities		**671,126**	**671,471**
Net increase/(decrease) in cash and cash equivalents		**2,360**	**(503)**
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		**1**	**504**
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies		**0**	0
Cash and Cash Equivalents (and Bank Overdraft) at year end		**2,361**	**1**

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 PCTs 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.

Transforming Community Services (TCS) transactions

Under the TCS initiative, services historically provided by PCTs have transferred to other providers - notably NHS Trusts and NHS Foundation Trusts. Such transfers fall to be accounted for by use of absorption accounting in line with the Treasury FReM. The FReM does not require retrospective adoption, so prior year transactions (which have been accounted for under merger accounting) have not been restated. Absorption accounting requires that entities account for their transactions in the period in which they took place, with no restatement of performance required when functions transfer within the public sector. Where assets and liabilities transfer, the gain or loss resulting is recognised in the SOCNE, and is disclosed separately from operating costs.

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.

1. Accounting for NHS LIFT schemes. The accounting treatment is dependent upon the expectation that the PCT will or will not exercise an option to purchase at the end of the lease period. PCT management view is that it is highly unlikely that the PCT will exercise its option to purchase, and consequently asset values have been based on the present value of minimum lease payments rather than Modern Equivalent Asset (MEA) valuations.

2. Valuation of PCT Premises. The PCT has agreed to use the District Valuer to inform its interim premises valuations.

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. Going Concern

Under the provisions of *The Health and Social Care Act 2012 (Commencement No.4. Transitional, Savings and Transitory Provisions) Order 2013, South Birmingham* PCT was dissolved on 1st April 2013. The PCT's functions, assets and liabilities transferred to other public sector entities as outlined in Note 42.1 *Events after the Reporting Period*. Where reconfigurations of this nature take place within the public sector, Government accounting requires that the activities concerned are to be considered as continuing operations, and so the closing entity prepares accounts on a "going concern" basis.

The SOFP has therefore been drawn up at 31 March 2013 on the same basis as in previous years, reporting balances on the same basis as would a continuing entity. In particular, there has been no general revaluation of assets or liabilities, and no disclosures have been made under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operation.*

1. Accounting policies (continued)

2. Continuing Healthcare - Provisions and Contingent Liabilities

The PCT has estimated the value of the provision and the contingent liability across the PCT Cluster as a whole based on the results of an assessment of a sample of claims by appropriate specialist assessment staff, which took into account the healthcare needs of the individuals and the robustness of evidence to support the claim. The total provision and contingent liability has then been apportioned between each of the 4 PCTs in the cluster in proportion to their annual budget for continuing healthcare as this is considered to be the most appropriate basis of allocation of costs to the individual PCTs.

1.2 Revenue and Funding

The main source of funding for the Primary Care Trust is allocations (Parliamentary Funding) from the Department of Health within an approved cash limit, which is credited to the General Fund of the Primary Care Trust. 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 Primary Care Trust. 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 Care Trust Designation

South Birmingham Primary Care Trust is not a Primary Care Trust that is designated by the Secretary of State under S45 of the Health and Social Care Act 2001 as a Care Trust.

1.4 Pooled budgets

1. South Birmingham PCT has a pooled budget arrangement with Birmingham City Council, which is led by Birmingham East & North PCT (BEN PCT), under the flexibilities allowed under S.31 of the Health Act 1999. The pooled budget is for provision of a joint equipment store.
The pool is hosted by BEN PCT. As a Commissioner of healthcare services, the PCT makes contributions to the pool, via BEN PCT, 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.

2. South Birmingham PCT has a pooled budget arrangement with Birmingham East & North PCT, established under S75 of the NHS Act 2006. The pooled budget is for commisisoning of mental health services.
The pool is hosted by BEN 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.

3. South Birmingham PCT has a pooled budget arrangement with Birmingham City Council, which is led by BEN PCT on behalf of the Birmingham PCTs, and established under S75 of the NHS Act 2006. The pooled budget is for commisisoning of learning disability services.
The pool is hosted by Birmingham City Council. As a Commissioner of healthcare services, the PCT makes contributions to the pool, via BEN PCT, 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.

1.5 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.

1.6 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 arrrangements and so is recorded as such in the financial statements.

1. Accounting policies (continued)

1.7 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.

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. Accounting policies (continued)

1.8 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 demonstrated:

- 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.

1.9 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

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. Accounting policies (continued)

1.10 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.

This accounting policy change has been applied retrospectively and consequently the 2010-11 results have been restated.

1.11 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.

This accounting policy change has been applied retrospectively and consequently the 2010-11 results have been restated.

1.12 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.

1.13 Inventories

The PCT does not normally hold material inventories, however where material inventories are recorded they are valued at the lower of cost and net realisable value using the first-in first-out cost formula.

1.14 Cash and cash equivalents

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

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

1.15 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).

1.16 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. Accounting policies (continued)

1.17 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 except for leave earned but not yet taken which has not accrued been for at the year end, on the grounds of immateriality.

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.

1.18 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.

1.19 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.

1.20 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.

1.21 EU Emissions Trading Scheme

EU Emission Trading Scheme allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the NHS body makes emissions, a provision is recognised with an offsetting transfer from deferred income. The provision is settled on surrender of the allowances. The asset, provision and deferred income are valued at fair value at the end of the reporting period.

1. Accounting policies (continued)

1.22 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 trust. 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.

1.23 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.

1.24 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.

1.25 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% (2.35% in respect of early staff departures) in real terms. For general provisions the discount rate depends on the expected timing of the cash flows:

- 0 to 5 years inclusive: -1.80%
- 6 to 10 years inclusive: -1.00%
- over 10 years: +2.20%

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. Accounting policies (continued)

1.26 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.

Financial assets at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Net Expenditure. The net gain or loss incorporates any interest earned on the financial asset.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

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.

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.

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.

1. Accounting policies (continued)

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.

Financial liabilities at fair value through profit and loss
Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Net Expenditure. The net gain or loss incorporates any interest earned on the financial asset.

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.

1.27 Private Finance Initiative (PFI) and NHS LIFT transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes (including NHS LIFT) 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. The PCT therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:
a) Payment for the fair value of services received;
b) Payment for the PFI asset, including finance costs; and
c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

a) Services received
The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

b) PFI and LIFT assets, liabilities, and finance costs
LIFT assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at the present value of the minimum lease payments in accordance with the principles of IAS 17. Subsequently, the assets are measured at the current value of the minimum lease payments, determined by the interest rate implicit in the lease based on updated fair values.

A LIFT liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the present value of the minimum lease payments and is subsequently measured as a finance lease liability in accordance with IAS 17.

1. Accounting policies (continued)

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Net Expenditure.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Net Expenditure.

c) Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the PCT's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

Assets contributed by the PCT to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the PCT's Statement of Comprehensive Net Expenditure.

Other assets contributed by the PCT to the operator

Assets contributed (e.g. cash payments, surplus property) by the PCT to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the PCT, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

1. Accounting policies (continued)

1.28 Accounting Standards that have been issued but have not yet been 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 - 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
IPSAS 32 - Service Concession Arrangement - subject to consultation
IAS 19 (Revised 2011) Employee Benefits
IAS 32 Financial Instruments: Presentation
IFRS 7 Financial Instruments: Disclosures

1.29 Practice Based Commissioning Savings
The policy in respect of savings against Practice Based Commissioning budgets is to recognise commitments against these savings in the year when a proposal to use the savings is formally approved by the Board. At the point of approval an accrual will be made and subsequently released to match expenditure incurred.

1.30 Part completed spells
The PCT is required to account for the impact of partially completed spells of inpatient activity, which recognises expenditure in respect of patients still receiving treatment at the end of the accounting period but not yet charged to the PCT. The expenditure is accrued on the basis of data provided to the PCT by its main provider hospitals.

1.31 Going Concern
As a consequence of the Health and Social Care Act 2012, the South Birmingham PCT will be dissolved on 31 March 2013. Its functions will be transferred to various new or existing public sector entities.

The Secretary of State has directed that, where Parliamentary funding continues to be voted to permit the relevant services to be carried out elsewhere in the public sector, this is normaly sufficient evidence of going concern.

As a result, the Board of South Birmingham PCT have prepared these financial statements on a going concern basis.

2. Operating segments

Up to 1 November 2010, the PCT was structured into a Commissioning Arm, which commissions healthcare services for the residents of South Birmingham and a Provider Arm, which provides a range of hospital, community based and specialist services to residents of South Birmingham and the wider West Midlands conurbation. On 1 November 2010, the Provider Arm was established as a separate NHS Trust.

Following the guidance issued by HM Treasury the PCT applied the principles of merger accounting in its 2010-11 accounts with regard to the divestment of the Provider Arm. Accordingly, the Commissioning Arm is deemed to be the only segment of the PCT in operation during 2012-13. As such, no segmental reporting information is disclosed in this note in accordance with IFRS 8.

In 2012-13, the following external customers accounted for greater than 10% of total expenditure: BEN PCT £172million; University Hospitals Birmingham NHS Foundation Trust £144 million.

3. Financial Performance Targets

3.1 Revenue Resource Limit

	2012-13 £000	2011-12 £000
The PCTs' performance for the year ended 2012-13 is as follows:		
Total Net Operating Cost for the Financial Year		660,128
Net operating cost plus (gain)/loss on transfers by absorption	**668,053**	
Adjusted for prior period adjustments in respect of errors	**0**	0
Revenue Resource Limit	**670,924**	660,864
Under/(Over)spend Against Revenue Resource Limit (RRL)	2,871	736

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	**3,568**	3,112
Charge to Capital Resource Limit	**3,290**	3,052
(Over)/Underspend Against CRL	**278**	**60**

3.3 Provider full cost recovery duty

The Provider Arm of the PCT was established as a separate NHS Trust on 1 November 2010 and therefore all transactions with the Trust are shown as commissioning costs.

3.4 Under/(Over)spend against cash limit

	2012-13 £000	2011-12 £000
Total Charge to Cash Limit	**671,335**	668,534
Cash Limit	**671,335**	668,534
Under/(Over)spend Against Cash Limit	**0**	**0**

3.5 Reconciliation of Cash Drawings to Parliamentary Funding (current year)

	2012-13 £000	2011-12 £000
Total cash received from DH (Gross)	593,358	587,934
Less: Trade Income from DH	(797)	(840)
Less/(Plus): movement in DH working balances	0	0
Sub total: net advances	**592,561**	**587,094**
(Less)/plus: transfers (to)/from other resource account bodies (free text note required)	0	0
Plus: cost of Dentistry Schemes (central charge to cash limits)	15,253	16,492
Plus: drugs reimbursement (central charge to cash limits)	63,521	64,948
Parliamentary funding credited to General Fund	**671,335**	**668,534**

4 Miscellaneous Revenue

	2012-13 Total	2012-13 Admin	2012-13 Programme	2011-12
	£000	£000	£000	£000
Fees and Charges	**0**	0	0	0
Dental Charge income from Contractor-Led GDS & PDS	**4,311**	0	4,311	3,971
Dental Charge income from Trust-Led GDS & PDS	**0**	0	0	0
Prescription Charge income	**2,804**	0	2,804	2,827
Strategic Health Authorities	**1,144**	0	1,144	1,253
NHS Trusts	**4,177**	4,177	0	5,294
NHS Foundation Trusts	**38**	0	38	61
Primary Care Trusts Contributions to DATs	**0**	0	0	0
Primary Care Trusts - Other	**6,859**	435	6,424	1,777
Primary Care Trusts - Lead Commissioning	**0**	0	0	0
English RAB Special Health Authorities	**0**	0	0	0
NDPBs and Others (CGA)	**0**	0	0	0
Department of Health - SMPTB	**0**	0	0	0
Department of Health - Other	**0**	0	0	0
Recoveries in respect of employee benefits	**0**	0	0	0
Local Authorities	**100**	0	100	0
Patient Transport Services	**0**	0	0	0
Education, Training and Research	**0**	0	0	1
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	0
Other Non-NHS Patient Care Services	**0**	0	0	0
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 revemue from finance leases	**0**	0	0	0
Rental reenue from operating leases	**0**	0	0	0
Other revenue	**2,413**	120	2,293	1,387
Total miscellaneous revenue	**21,846**	**4,732**	**17,114**	**16,571**

Included within NHS Trust income is £4,177k of income received from Birmingham Community Healthcare Trust relating to capital charges for Land and Property assets not transferred as part of their establishment as a new Trust.

Other revenue includes £796k DH income for the Pan Birmingham Cancer Network and £190k from local NHS organisations for hosting the Capacity Management Service.

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	**175,073**		175,073	178,160
Non-Healthcare	**2,721**	2,102	619	1,916
Total	**177,794**	**2,102**	**175,692**	**180,076**
Goods and Services from Other NHS Bodies other than FTs				
Goods and services from NHS Trusts	**88,395**	23	88,372	76,558
Goods and services (other, excl Trusts, FT and PCT))	**12**	12	0	22
Total	**88,407**	**35**	**88,372**	**76,580**
Goods and Services from Foundation Trusts	**230,456**	0	230,456	225,515
Purchase of Healthcare from Non-NHS bodies	**23,213**	0	23,213	15,596
Social Care from Independent Providers	**0**	0	0	0
Expenditure on Drugs Action Teams	**0**	0	0	0
Non-GMS Services from GPs	**0**	0	0	0
Contractor Led GDS & PDS (excluding employee benefits)	**19,364**	0	19,364	20,530
Salaried Trust-Led PDS & PCT DS (excluding employee benefits)	**0**	0	0	0
Chair, Non-executive Directors & PEC remuneration	**71**	71	0	73
Executive committee members costs	**1,527**	1,527	0	1,198
Consultancy Services	**552**	552	0	0
Prescribing Costs	**53,680**	0	53,680	56,437
G/PMS, APMS and PCTMS (excluding employee benefits)	**53,822**	0	53,822	53,591
Pharmaceutical Services	**240**	0	240	0
Local Pharmaceutical Services Pilots	**0**	0	0	0
New Pharmacy Contract	**12,741**	0	12,741	13,337
General Ophthalmic Services	**3,169**	0	3,169	3,203
Supplies and Services - Clinical	**1**	0	1	0
Supplies and Services - General	**264**	129	135	55
Establishment	**520**	520	0	277
Transport	**21**	21	0	127
Premises	**1,256**	1,256	0	840
Impairments & Reversals of Property, plant and equipment	**1,126**	0	1,126	558
Impairments and Reversals of non-current assets held for sale	**0**	0	0	0
Depreciation	**2,990**	2,990	0	2,869
Amortisation	**90**	90	0	92
Impairment & Reversals Intangible non-current assets	**887**	0	887	0
Impairment and Reversals of Financial Assets	**0**	0	0	0
Impairment of Receivables	**0**	0	0	(4)
Inventory write offs	**0**	0	0	0
Research and Development Expenditure	**0**	0	0	0
Audit Fees	**105**	105	0	249
Other Auditors Remuneration	**47**	47	0	0
Clinical Negligence Costs	**44**	44	0	99
Education and Training	**177**	177	0	193
Grants for capital purposes	**0**	0	0	0
Grants for revenue purposes	**0**	0	0	0
Impairments and reversals for investment properties	**0**	0	0	0
Other	**5,023**	5,019	4	12,369
Total Operating costs charged to Statement of Comprehensive Net Expenditure	**677,587**	**14,685**	**662,902**	**663,860**
Employee Benefits (excluding capitalised costs)				
Employee Benefits associated with PCTMS	**0**	0	0	0
Trust led PDS and PCT DS	**0**	0	0	0
PCT Officer Board Members	**959**	959	0	486
Other Employee Benefits	**10,576**	9,586	990	11,628
Total Employee Benefits charged to SOCNE	**11,535**	**10,545**	**990**	**12,114**
Total Operating Costs	**689,122**	**25,230**	**663,892**	**675,974**

Other expenditure includes £2.3m additional provisions.

Analysis of grants reported in total operating costs
There were no grants reported in the total operating costs for 2012/13 (nil 2011/12).

	Total	Commissioning Services	Public Health
PCT Running Costs 2012-13			
Running costs (£000s)	**20,252**	18,982	1,270
Weighted population (number in units)*	**378,335**	378,335	378,335
Running costs per head of population (£ per head)	**54**	**50**	**3**
PCT Running Costs 2011-12			
Running costs (£000s)	**21,614**	19,723	1,891
Weighted population (number in units)	**378,335**	378,335	378,335
Running costs per head of population (£ per head)	**57**	**52**	**5**

* 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 calculating 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	53,822	53,591
Prescribing costs	53,680	56,437
Contractor led GDS & PDS	19,364	20,530
Trust led GDS & PDS	0	0
General Ophthalmic Services	3,168	3,203
Department of Health Initiative Funding	0	0
Pharmaceutical services	240	0
Local Pharmaceutical Services Pilots	0	0
New Pharmacy Contract	12,741	13,337
Non-GMS Services from GPs	0	0
Other	0	0
Total Primary Healthcare purchased	**143,015**	147,098
Purchase of Secondary Healthcare		
Learning Difficulties	13,020	13,697
Mental Illness	85,642	85,058
Maternity	19,026	18,870
General and Acute	293,828	286,037
Accident and emergency	10,985	10,115
Community Health Services	83,778	81,421
Other Contractual	8	1,015
Total Secondary Healthcare Purchased	**506,287**	496,213
Grant Funding		
Grants for capital purposes	0	0
Grants for revenue purposes	0	0
Total Healthcare Purchased by PCT	**649,302**	**643,311**
PCT self-provided secondary healthcare included above	0	0
Social Care from Independent Providers	0	0
Healthcare from NHS FTs included above	230,456	225,515

6. Operating Leases

The PCT has a number of operating lease arrangements, the most significant of which is for Triplex House. The rent and service charges are subject to annual review. There is no option to purchase at the end of the lease term.

The PCT has contracts with a number of GP practices for the delivery of General Medical Services, which involve the use of GP premises for the delivery of services. Under IFRIC 4 (determining whether an arrrangement contains a lease) the PCT has determined that these contracts may involve an implicit operating lease for the use of the premises.

The financial value of premises related payments to GP's included in the Operating Cost Statement for 2012/13 is £3.450 million (£4.889 million in 2011/12). However, as there is no defined term in the contracts entered into, a 10 year term has been assumed and future GP premises related payments estimated on this basis in the table below for 2012/13.

The PCT has an agreement with Birmingham Community Healthcare NHS Trust which allows the Trust to use specified PCT premises in the delivery of community healthcare services. In line with guidance issued by the Department of Health the PCT continues to account for the assets which are due to transfer to the Trust on 1.4.2013. In 2012/13 £4,177k is included within miscellaneous revenue as income from the Trust for capital charges associated with these premises.

6.1 PCT as lessee	Land	Buildings	Other	2012-13 Total	2011-12
	£000	£000	£000	£000	£000
Payments recognised as an expense					
Minimum lease payments				**3,722**	5,144
Contingent rents				**0**	0
Sub-lease payments				**0**	0
Total				**3,722**	**5,144**
Payable:					
No later than one year	**0**	**3,650**	**4**	**3,654**	5,140
Between one and five years	**0**	**14,199**	**1**	**14,200**	20,213
After five years	**0**	**17,252**	**0**	**17,252**	24,647
Total	**0**	**35,101**	**5**	**35,106**	**50,000**
Total future sublease payments expected to be received				0	0

6.2 PCT as lessor

There are no operating lease arrangements where the PCT is the lessor.

7. Employee benefits and staff numbers

7.1 Employee benefits

2012-13				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	**8,872**	8,872	0	**8,163**	8,163	0	**709**	709	0
Social security costs	**680**	680	0	**680**	680	0	**0**	0	0
Employer Contributions to NHS BSA - Pensions Division	**993**	993	0	**993**	993	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	**990**	0	990	**990**	0	990	**0**	0	0
Total employee benefits	**11,535**	**10,545**	**990**	**10,826**	**9,836**	**990**	**709**	**709**	**0**
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	**11,535**	**10,545**	**990**	**10,826**	**9,836**	**990**	**709**	**709**	**0**
Employee costs capitalised	**0**	0	0	**0**	0	0	**0**	0	0
Gross Employee Benefits excluding capitalised costs	**11,535**	**10,545**	**990**	**10,826**	**9,836**	**990**	**709**	**709**	**0**
Recognised as:									
Commissioning employee benefits	**11,535**			**10,826**			**709**		
Provider employee benefits	**0**			**0**			**0**		
Gross Employee Benefits excluding capitalised costs	**11,535**			**10,826**			**709**		

2012-13				Permanently employed			Other		
	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
Employee Benefits - Revenue									
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**

Employee Benefits - Prior- year

	Total £000	Permanently employed £000	Other £000
Employee Benefits Gross Expenditure 2012-13			
Salaries and wages	**8,687**	8,193	494
Social security costs	**762**	762	0
Employer Contributions to NHS BSA - Pensions Division	**1,076**	1,076	0
Other pension costs	**0**	0	0
Other post-employment benefits	**0**	0	0
Other employment benefits	**0**	0	0
Termination benefits	**1,636**	1,636	0
Total gross employee benefits	**12,161**	**11,667**	**494**
Less recoveries in respect of employee benefits	**0**	0	0
Total - Net Employee Benefits including capitalised costs	**12,161**	**11,667**	**494**
Employee costs capitalised	**47**	47	0
Gross Employee Benefits excluding capitalised costs	**12,114**	**11,620**	**494**
Recognised as:			
Commissioning employee benefits	**12,114**		
Provider employee benefits	**0**		
Gross Employee Benefits excluding capitalised costs	**12,114**		

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	**5**	5	0	**5**	5	1
Ambulance staff	**0**	0	0	**0**	0	0
Administration and estates	**163**	147	17	**164**	157	8
Healthcare assistants and other support staff	**0**	0	0	**1**	1	0
Nursing, midwifery and health visiting staff	**19**	19	0	**18**	18	1
Nursing, midwifery and health visiting learners	**0**	0	0	**0**	0	0
Scientific, therapeutic and technical staff	**12**	12	0	**13**	13	0
Social Care Staff	**0**	0	0	**0**	0	0
Other	**5**	5	0	**7**	4	2
TOTAL	**204**	**187**	**17**	**208**	**197**	**12**
Of the above - staff engaged on capital projects	**0**	0	0	**0**	0	0

7.3 Staff Sickness absence and ill health retirements

	2012-13 Number	2011-12 Number
Total Days Lost	**2,007**	**1,854**
Total Staff Years	**195**	**215**
Average working Days Lost	10.29	8.62

	2012-13 Number	2011-12 Number
Number of persons retired early on ill health grounds	**2**	7
	£000s	£000s
Total additional pensions liabilities accrued in the year	**166**	384

7.4 Exit Packages agreed during 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**	1	0	**1**
£10,001-£25,000	**1**	**8**	**9**	1	0	**1**
£25,001-£50,000	**5**	**10**	**15**	0	0	**0**
£50,001-£100,000	**1**	**10**	**11**	1	0	**1**
£100,001 - £150,000	**1**	**2**	**3**	0	0	**0**
£150,001 - £200,000	**0**	**1**	**1**	0	0	**0**
>£200,000	**1**	**0**	**1**	0	0	**0**
Total number of exit packages by type (total cost	**11**	**31**	**42**	**3**	**0**	**3**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Total resource cost	681	1,634	**2,314**	88	0	**88**

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme for 21 staff and by the Mutually Agreed Resignation Scheme(MARS) for 22 staff. **Exit costs in this note are accounted for in full in the year of departure**. 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.

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	**3,609**	**31,993**	3,662	24,367
Total Non-NHS Trade Invoices Paid Within Target	**3,153**	**30,255**	3,403	23,318
Percentage of NHS Trade Invoices Paid Within Target	87.36%	94.57%	92.93%	95.69%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**3,888**	**541,483**	4,122	513,382
Total NHS Trade Invoices Paid Within Target	**3,704**	**536,552**	3,854	511,459
Percentage of NHS Trade Invoices Paid Within Target	95.27%	99.09%	93.50%	99.63%

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.

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 £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	**0**	**0**	**0**	25
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	**0**	**0**	**0**	25
Total investment income	**0**	**0**	**0**	25

10. Other Gains and Losses

There were no other gains or losses in 2012/13 (nil in 2011/12) for South Birmingham PCT.

11. Finance Costs

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Interest				
Interest on obligations under finance leases	**93**	**93**	**0**	102
Interest on obligations under PFI contracts:				
- main finance cost	**0**	**0**	**0**	0
- contingent finance cost	**0**	**0**	**0**	0
Interest on obligations under LIFT contracts:				
- main finance cost	**445**	**0**	**445**	456
- contingent finance cost	**113**	**0**	**113**	88
Interest on late payment of commercial debt	**0**	**0**	**0**	0
Other interest expense	**0**	**0**	**0**	**0**
Total interest expense	**651**	**93**	**558**	**646**
Other finance costs	**0**	**0**	**0**	0
Provisions - unwinding of discount	**126**	**0**	**126**	104
Total	**777**	**93**	**684**	**750**

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	**30,442**	**58,528**	**0**	**1,811**	**272**	**1**	**4,905**	**291**	**96,250**
Additions of Assets Under Construction				0					**0**
Additions Purchased	0	2,387	0		0	0	693	59	**3,139**
Additions Donated	0	0	0	0	0	0	0	0	**0**
Additions Government Granted	0	0	0	0	0	0	0	0	**0**
Additions Leased	0	0	0		0	0	0	0	**0**
Reclassifications	0	176	0	(176)	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	(47)	(1)	(2,768)	(6)	**(2,822)**
Upward revaluation/positive indexation	0	1,318	0	0	0	0	0	0	**1,318**
Impairments/negative indexation	0	(3,893)	0	0	0	0	0	0	**(3,893)**
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**
Cumulative dep netted off cost following revaluation	(375)	(10,699)	0	0	0	0	0	0	**(11,074)**
At 31 March 2013	**30,067**	**47,817**	**0**	**1,635**	**225**	**0**	**2,830**	**344**	**82,918**
Depreciation									
At 1 April 2012	**375**	**8,336**	**0**	**0**	**228**	**1**	**3,327**	**125**	**12,392**
Reclassifications		0	0		0	0	0	0	**0**
Reclassifications as Held for Sale	0	0	0		0	0	0	0	**0**
Disposals other than for sale	0	0	0		(47)	(1)	(2,768)	(6)	**(2,822)**
Upward revaluation/positive indexation	0	0	0		0	0	0	0	**0**
Impairments	0	7	0	894	7	0	194	24	**1,126**
Reversal of Impairments	0	0	0	0	0	0	0	0	**0**
Charged During the Year	0	2,356	0		29	0	575	30	**2,990**
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	**0**
Cumulative dep netted off cost following revaluation	(375)	(10,699)	0	0	0	0	0	0	**(11,074)**
At 31 March 2013	**0**	**0**	**0**	**894**	**217**	**0**	**1,328**	**173**	**2,612**
Net Book Value at 31 March 2013	**30,067**	**47,817**	**0**	**741**	**8**	**0**	**1,502**	**171**	**80,306**
Purchased	30,067	47,817	0	741	8	0	1,502	171	**80,306**
Donated	0	0	0	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	0	0	0	**0**
Total at 31 March 2013	**30,067**	**47,817**	**0**	**741**	**8**	**0**	**1,502**	**171**	**80,306**
Asset financing:									
Owned	30,067	41,754	0	741	8	0	1,502	171	**74,243**
Held on finance lease	0	973	0	0	0	0	0	0	**973**
On-SOFP PFI contracts	0	5,090	0	0	0	0	0	0	**5,090**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
Total at 31 March 2013	**30,067**	**47,817**	**0**	**741**	**8**	**0**	**1,502**	**171**	**80,306**

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2012	**13,622**	**6,311**	**0**	**0**	**22**	**0**	**0**	**0**	**19,955**
Movements (specify)	0	(2,561)	0	0	0	0	0	0	**(2,561)**
At 31 March 2013	**13,622**	**3,750**	**0**	**0**	**22**	**0**	**0**	**0**	**17,394**

Additions to Assets Under Construction in 2012-13

There were no additions to Assets under Construction in 2012-13.

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	**30,975**	**55,125**	**0**	**1,620**	**272**	**1**	**4,596**	**267**	**92,856**
Additions - purchased	0	2,103	0	473	0	0	309	0	**2,885**
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	258	0	(282)	0	0	0	24	**0**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	0	0	0	**0**
Revaluation & indexation gains	0	1,042	0	0	0	0	0	0	**1,042**
Impairments	(533)	0	0	0	0	0	0	0	**(533)**
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 netted off cost following revaluatio	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**30,442**	**58,528**	**0**	**1,811**	**272**	**1**	**4,905**	**291**	**96,250**
Depreciation									
At 1 April 2011	**0**	**5,890**	**0**		**202**	**1**	**2,770**	**102**	**8,965**
Reclassifications		0	0		0	0	0	0	**0**
Reclassifications as Held for Sale	0	0	0		0	0	0	0	**0**
Disposals other than for sale	0	0	0		0	0	0	0	**0**
Upward revaluation/positive indexation	0	0	0		0	0	0	0	**0**
Impairments	375	183	0	0	0	0	0	0	**558**
Reversal of Impairments	0	0	0	0	0	0	0	0	**0**
Charged During the Year	0	2,263	0		26	0	557	23	**2,869**
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	**0**
Cumulative dep netted off cost following revaluatio	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**375**	**8,336**	**0**	**0**	**228**	**1**	**3,327**	**125**	**12,392**
Net Book Value at 31 March 2012	**30,067**	**50,192**	**0**	**1,811**	**44**	**0**	**1,578**	**166**	**83,858**
Purchased	30,067	50,192	0	1,811	44	0	1,578	166	**83,858**
Donated	0	0	0	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**30,067**	**50,192**	**0**	**1,811**	**44**	**0**	**1,578**	**166**	**83,858**
Asset financing:									
Owned	30,067	44,282	0	1,811	44	0	1,578	166	**77,948**
Held on finance lease	0	1,066	0	0	0	0	0	0	**1,066**
On-SOFP PFI contracts	0	4,844	0	0	0	0	0	0	**4,844**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**30,067**	**50,192**	**0**	**1,811**	**44**	**0**	**1,578**	**166**	**83,858**

12.3 Property, plant and equipment

The District Valuer's office provided valuations as at 31 March 2013 for the 2012/13 accounts and the details can be found in Note 1.7.

Recent years have seen significant fluctuations in the value of land and buildings. The PCT's policy is to undertake periodic formal valuations of its estate, with the value in intervening years being informed through the use of indices, as per the financial year 2010-11.
This financial year a formal valuation was undertaken in February 2013, with a valuation date of 31st March 2013. The review was undertaken by DVS Property Specialists, and the basis of the valuation is as follows:

"Public sector bodies including the NHS are required to apply the revaluation model set out in IAS 16 and value their capital assets to fair value.
Fair value is defined in IAS16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction. The fair value of land and buildings is usually determined from market-based evidence by appraisal undertaken by professionally qualified valuers.
The valuation of each property is therefore on the basis of Market Value. The Market Value used in arriving at fair value for your operational assets is therefore subject to the assumption that the property is sold as part of the continuing 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 because of the specialised nature of the property and the item is rarely sold, except as part of a continuing business, fair value is estimated using a depreciated replacement cost approach subject to the assumption of continuing use."

Assets acquired through the NHS LIFT arrangements are held at the present value of the minimum lease payments associated with the premises concerned which have been updated using revised fair value valuations provided by the DVS.

Economic Lives of Non-Current Assets

	Min Life Years	Max Life Years
Intangible Assets		
Software Licences	2	3
Property, Plant and Equipment		
Buildings exc Dwellings	1	73
Dwellings	0	0
Plant & Machinery	1	9
Transport Equipment	0	0
Information Technology	1	4
Furniture and Fittings	3	9

13.1 Intangible non-current assets

2012-13	Software internally generated	Software purchased	Licences & trademarks	Patents	Development expenditure	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2012	**0**	**1,688**	**0**	**0**	**0**	**1,688**
Additions - purchased	0	151	0	0	0	**151**
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**
Additions Leased	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	(271)	0	0	0	**(271)**
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 2013	**0**	**1,568**	**0**	**0**	**0**	**1,568**
Amortisation						
At 1 April 2012	**0**	**299**	**0**	**0**	**0**	**299**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	(271)	0	0	0	**(271)**
Revaluation or indexation gains	0	0	0	0	0	**0**
Impairments charged to operating expenses	0	887	0	0	0	**887**
Reversal of impairments charged to operating expenses	0	0	0	0	0	**0**
Charged during the year	0	90	0	0	0	**90**
In-year transfers to NHS bodies	0	0	0	0	0	**0**
At 31 March 2013	**0**	**1,005**	**0**	**0**	**0**	**1,005**
Net Book Value at 31 March 2013	**0**	**563**	**0**	**0**	**0**	**563**
Net Book Value at 31 March 2013 comprises						
Purchased	0	563	0	0	0	**563**
Donated	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	**0**
Total at 31 March 2013	**0**	**563**	**0**	**0**	**0**	**563**

Revaluation reserve balance for intangible non-current assets

	Software internally generated	Software purchased	Licences & trademarks	Patents	Development expenditure	Total
	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2012	**0**	**0**	**0**	**0**	**0**	**0**
Movements (specify)	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
At 1 April 2011	**0**	**1,521**	**0**	**0**	**0**	**1,521**
Additions - purchased	0	167	0	0	0	**167**
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	0	0	0	0	**0**
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**
Cumulative dep netted off cost following revaluation	0	0	0	0	0	**0**
At 31 March 2012	**0**	**1,688**	**0**	**0**	**0**	**1,688**
Amortisation						
At 1 April 2011	**0**	**207**	**0**	**0**	**0**	**207**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
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	92	0	0	0	**92**
In-year transfers to NHS bodies	0	0	0	0	0	**0**
Less cumulative dep written down on revaluation	0	0	0	0	0	**0**
At 31 March 2012	**0**	**299**	**0**	**0**	**0**	**299**
Net Book Value at 31 March 2012	**0**	**1,389**	**0**	**0**	**0**	**1,389**
Net Book Value at 31 March 2012 comprises						
Purchased	0	1,389	0	0	0	**1,389**
Donated	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	**0**
Total at 31 March 2012	**0**	**1,389**	**0**	**0**	**0**	**1,389**

13.3 Intangible non-current assets

Intangible non-current assets are software licences held for operational use. These are valued at historic cost (less accumulated there is no active market to determine a 'fair value' for such assets.

Open Market Value of Assets at balance sheet date	Land	Buildings excl. dwellings	Dwellings
	£000s	£000s	£000s
Open Market Value at 31 March 2013	0	0	0
Open Market Value at 31 March 2012	0	0	0

14. Analysis of impairments and reversals recognised in 2012-13

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000
Property, Plant and Equipment impairments and reversals taken to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Over-specification of assets	0	0	0
Abandonment of assets in the course of construction	894	0	894
Total charged to Departmental Expenditure Limit	**894**	**0**	**894**
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	225		225
Changes in market price	7		7
Total charged to Annually Managed Expenditure	**232**		**232**
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve			
Loss or damage resulting from normal operations	0		
Over Specification of Assets	0		
Abandonment of assets in the course of construction	0		
Unforeseen obsolescence	0		
Loss as a result of catastrophe	0		
Other	0		
Changes in market price	3,893		
Total impairments for PPE charged to reserves	**3,893**		
Total Impairments of Property, Plant and Equipment	**5,019**	**0**	**1,126**
Intangible assets impairments and reversals charged to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Over-specification of assets	0	0	0
Abandonment of assets in the course of construction	852	0	852
Total charged to Departmental Expenditure Limit	**852**	**0**	**852**
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	35		35
Changes in market price	0		0
Total charged to Annually Managed Expenditure	**35**		**35**
Intangible Assets impairments and reversals charged to the Revaluation Reserve			
Loss or damage resulting from normal operations	0		
Over-specification of assets	0		
Abandonment of assets in the course of construction	0		
Unforeseen obsolescence	0		
Loss as a result of catastrophe	0		
Other	0		
Changes in market price	0		
Total impairments for Intangible Assets charged to Reserves	**0**		
Total Impairments of Intangibles	**887**	**0**	**887**

14. Analysis of impairments and reversals recognised in 2012-13 continued

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000
Financial Assets charged to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Loss as a result of catastrophe	0		0
Other	0		0
Total charged to Annually Managed Expenditure	**0**		**0**
Financial Assets impairments and reversals charged to the Revaluation Reserve			
Loss or damage resulting from normal operations	0		
Loss as a result of catastrophe	0		
Other	0		
TOTAL impairments for Financial Assets charged to reserves	**0**		
Total Impairments of Financial Assets	**0**	**0**	**0**
Non-current assets held for sale - impairments and reversals charged to SoCNE.			
Loss or damage resulting from normal operations	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	0		0
Changes in market price	0		0
Total charged to Annually Managed Expenditure	**0**		**0**
Total impairments of non-current assets held for sale	**0**	**0**	**0**
Inventories - impairments and reversals charged to SoCNE			
Loss or Damage Resulting from Normal Operations	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen Obsolescence	0		0
Loss as a Result of a Catastrophe	0		0
Other (Free text note required)*	0		0
Changes in Market Price	0		0
Total charged to Annually Managed Expenditure	**0**		**0**
Total impairments of Inventories	**0**	**0**	**0**
Investment Property impairments charged to SoCNE			
Loss or Damage Resulting from Normal Operations	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen Obsolescence	0		0
Loss as a Result of a Catastrophe	0		0
Other (Free text note required)*	0		0
Changes in Market Price	0		0
Total charged to Annually Managed Expenditure	**0**		**0**
Total Investment Property impairments charged to SoCNE	**0**	**0**	**0**
Investment Property impairments and reversals charged to the Revaluation Reserve			
Loss or Damage Resulting from Normal Operations	0		
Over Specification of Assets	0		
Abandonment of Assets in the Course of Construction	0		
Unforeseen Obsolescence	0		
Loss as a Result of a Catastrophe	0		
Other (Free text note required)*	0		
Changes in Market Price	0		
TOTAL impairments for Investment Property charged to Reserves	**0**		
Total Investment Property Impairments	**0**	**0**	**0**
Total Impairments charged to Revaluation Reserve	3,893		
Total Impairments charged to SoCNE - DEL	1,746	0	1,746
Total Impairments charged to SoCNE - AME	267		267
Overall Total Impairments	**5,906**	**0**	**2,013**
Of which:			
Impairment on revaluation to "modern equivalent asset" basis	**0**	0	0

15 Investment property

The PCT has no investment property.

16 Commitments

16.1 Capital commitments

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

	31 March 2013 £000	31 March 2012 £000
Property, plant and equipment	**0**	75
Intangible assets	**0**	0
Total	**0**	75

16.2 Other financial commitments

The PCT has not entered into any non-cancellable contracts which are not already disclosed elsewhere in the accounts.

17 Intra-Government and other balances

	Current receivables £000s	**Non-current receivables £000s**	**Current payables £000s**	**Non-current payables £000s**
Balances with other Central Government Bodies	4,276	0	3,994	0
Balances with Local Authorities	100	0	0	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	5,350	0	5,396	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	240	0	23,323	0
At 31 March 2013	**9,966**	**0**	**32,713**	**0**
prior period:				
Balances with other Central Government Bodies	1,296	0	1,255	0
Balances with Local Authorities	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	5,364	0	6,160	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	1,089	0	26,465	0
At 31 March 2012	**7,749**	**0**	**33,880**	**0**

18 Inventories

The PCT has no inventories (nil in 2011/12).

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	**5,036**	1,691	**0**	0
NHS receivables - capital	**0**	0	**0**	0
NHS prepayments and accrued income	**4,590**	4,969	**0**	0
Non-NHS receivables - revenue	**105**	24	**0**	0
Non-NHS receivables - capital	**0**	0	**0**	0
Non-NHS prepayments and accrued income	**66**	965	**0**	0
Provision for the impairment of receivables	**0**	0	**0**	0
VAT	**169**	96	**0**	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	**0**	0	**0**	0
Interest receivables	**0**	0	**0**	0
Finance lease receivables	**0**	0	**0**	0
Operating lease receivables	**0**	0	**0**	0
Other receivables	**0**	4	**0**	0
Total	**9,966**	7,749	**0**	0
Total current and non current	**9,966**	7,749		
Included above:				
Prepaid pensions contributions	**0**	0		

The great majority of trade is with other NHS bodies, including other Primary Care Trusts as commissioners for NHS patient care services. As Primary Care Trusts 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	**4,490**	906
By three to six months	**0**	0
By more than six months	**10**	1
Total	**4,500**	907

19.3 Provision for impairment of receivables

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

Receivables impaired are non-NHS receivables. The provision for non-NHS receivables is based upon their respective age categorisations: receivables between 0-90 days are deemed current and thus have no corresponding provision; receivables between 91-120 days carry a 25% provision; receivables between 121-150 days carry a 50% provision; receivables between 151-180 days carry a 75% provision; and receivables exceeding 180 days carry a 100% provision.

20 NHS LIFT investments

	Loan £000	Share capital £000	Total £000
Balance at 1 April 2012	**139**	**2**	**141**
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 2013	**139**	**2**	**141**
Balance at 1 April 2011	125	2	127
Additions	0	0	0
Disposals	0	0	0
Loan repayments	0	0	0
Revaluations	14	0	14
Loans repayable within 12 months	0	0	0
Balance at 31 March 2012	**139**	**2**	**141**

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	**141**	0
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	**141**	0

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

	31 March 2013 £000	31 March 2012 £000
EU Emissions Trading Scheme Allowance	**0**	0
Other Assets	**0**	0
Total	**0**	0

23 Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Opening balance	**1**	504
Net change in year	**2,360**	(503)
Closing balance	**2,361**	1
Made up of		
Cash with Government Banking Service	**2,361**	1
Commercial banks	**0**	0
Cash in hand	**0**	0
Current investments	**0**	0
Cash and cash equivalents as in statement of financial position	**2,361**	1
Bank overdraft - Government Banking Service	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in statement of cash flows	**2,361**	1
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	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**
Transfers (to)/from other public sector bodies	0	0	0	0	0	0	0	0	0	**0**
Revaluation	0	0	0	0	0	0	0	0	0	**0**
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**
										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**

Revaluation reserve balances in respect of non-current assets held for sale were:

At 31 March 2012	0
At 31 March 2013	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		
NHS payables - revenue	**7,849**	4,036	**0**	0
NHS payables - capital	**0**	1,912	**0**	0
NHS accruals and deferred income	**1,303**	1,076	**0**	0
Family Health Services (FHS) payables	**9,064**	13,815		
Non-NHS payables - revenue	**997**	1,234	**0**	0
Non-NHS payables - capital	**761**	281	**0**	0
Non_NHS accruals and deferred income	**10,072**	9,022	**0**	0
Social security costs	**97**	112		
VAT	**0**	13	**0**	0
Tax	**141**	124		
Payments received on account	**0**	0	**0**	0
Other	2,429	2,255	0	0
Total	**32,713**	33,880	**0**	0
Total payables (current and non-current)	**32,713**	**33,880**		

Other payables include £nil (2011-12: £nil) in respect of payments due in future years under arrangements to buy out the liability for early retirements; and -£1,536 (2011-12: £134,357) in respect of outstanding pensions contributions at 31 March 2013.

26 Other liabilities

The PCT did not have any current or non-current other liabilities as at 31 March 2013 (also nil at 31 March 2012).

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	**147**	133	**4,699**	4,847
Lifecycle replacement received in advance	**0**	0	**0**	0
Finance lease liabilities	**81**	75	**1,204**	1,285
Other (describe)	**0**	0	**0**	0
Total	**228**	**208**	**5,903**	**6,132**
Total other liabilities (current and non-current)	**6,131**	**6,340**		

Borrowings/Loans - Payment of Principal Falling Due in:

	DH £000s	**Other £000s**	**Total £000s**
0 - 1 Years	0	228	**228**
1 - 2 Years	0	190	**190**
2 - 5 Years	0	749	**749**
Over 5 Years	0	4,964	**4,964**
TOTAL	**0**	**6,131**	**6,131**

28 Other financial liabilities

The PCT did not have any current or non-current other financial liabilities as at 31 March 2013 (also nil 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 at1 April 2012	**518**	900	**0**	0
Deferred income addition	**8**	518	**0**	0
Transfer of deferred income	**(518)**	(900)	**0**	0
Current deferred Income at 31 March 2013	**8**	518	**0**	0
Total other liabilities (current and non-current)	**8**	**518**		

30 Finance lease obligations

The PCT has one significant finance lease for buildings at the 'Greenfields' site under a 25 year contract with Focus Housing Association which commenced in 1999. The PCT has the option to renew the contract at the expiry of the 25 year term. This finance lease will transfer to Birmingham Community Healthcare Trust in 2013/14.

Amounts payable under finance leases (Buildings)	**Minimum lease payments**		**Present value of minimum lease payments**	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
Within one year	**173**	173	**81**	75
Between one and five years	**690**	690	**385**	360
After five years	**1,035**	1,207	**819**	925
Less future finance charges	**(613)**	(710)		
Present value of minimum lease payments	**1,285**	1,360	**1,285**	1,360
Included in:				
Current borrowings			**81**	75
Non-current borrowings			**1,204**	1,285
			1,285	1,360

	31 March 2013	31 March 2012
Finance leases as lessee	**£000**	£000
Future Sublease Payments Expected to be received	**0**	0
Contingent Rents Recognised as an Expense	**0**	0

31 Finance lease receivables as lessor

There are no finance lease arrangements where the PCT is the lessor.

32 Provisions

Comprising:

	Total £000s	Pensions to Former Directors £000s	Pensions Relating to Other Staff £000s	Legal Claims £000s	Restructuring £000s	Continuing Care £000s	Equal Pay £000s	Agenda for Change £000s	Other £000s	Redundancy £000s
Balance at 1 April 2012	**8,060**	0	2,589	0	0	749	0	0	3,174	1,548
Arising During the Year	**5,077**	0	0	0	0	1,857	0	0	2,230	990
Utilised During the Year	**(2,541)**	0	(437)	0	0	(134)	0	0	(97)	(1,873)
Reversed Unused	**(1,794)**	0	0	0	0	0	0	0	(1,794)	0
Unwinding of Discount	**126**	0	72	0	0	16	0	0	38	0
Change in Discount Rate	**0**	0	0	0	0	0	0	0	0	0
Transferred (to)/from otherPublic Sector bodies	**0**	0	0	0	0	0	0	0	0	0
Balance at 31 March 2013	**8,928**	**0**	**2,224**	**0**	**0**	**2,488**	**0**	**0**	**3,551**	**665**
Expected Timing of Cash Flows:										
No Later than One Year	**3,587**	**0**	**437**	**0**	**0**	**0**	**0**	**0**	**2,485**	**665**
Later than One Year and not later than Five Years	**4,580**	**0**	**1,748**	**0**	**0**	**2,488**	**0**	**0**	**344**	**0**
Later than Five Years	**761**	**0**	**39**	**0**	**0**	**0**	**0**	**0**	**722**	**0**

Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:	
As at 31 March 2013	340
As at 31 March 2012	500

Other Provisions include:

The £2,224k provision for pensions relating to other staff was inherited from the PCT's predecessor organisation and covers the cost of early retirements resulting from restructuring in the health economy before 1995. Cashflows and timings in respect of this provision are relatively constant.

£1,152k in respect of Injury benefits as informed by the NHS Business Services Authority.

The £2,488k provision for continuing care relates to potential claims for nursing home restitution payments. Potential liabilities relate to costs currently classed as social care costs that may on appeal be deemed to be healthcare costs and therefore the liability of the PCT rather than the local authority. The provision includes estimates in respect of claims submitted in advance of the notified deadline of 30.09.12.

£1,158k relating to potential liability for employer costs in respect of payment arrangements relating to GP consortia.

The £665k provision for redundancy relates to the impact of efficiency requirements as a result of current NHS changes.

£603k provision for the potentially liability relating to claims from a local provider trust in respect of redundancy costs.
£430k in respect of PCT closedown costs.

£188k in respect of dilapidations costs at Triplex House & Birmingham Research Park & Maddox House . Potential liabilities relate to the cost of reinstating the condition of leased premises where leases will be terminated.

£20k is included in the other provisions based on information from the NHS Litigation Authority at 31/3/2013 in respect of personal injury claims.

33 Contingencies

	31 March 2013 £000	31 March 2012 £000
Contingent liabilities		
Equal Pay	**0**	0
Other	**(6,795)**	(16)
Amounts Recoverable Against Contingent Liabilities	**0**	0
Net Value of Contingent Liabilities	**(6,795)**	(16)
Contingent Assets		
Contingent Assets	**0**	0
Net Value of Contingent Assets	**0**	0

Contingencies of £6,795k include £10k as notified by the NHSLA and £6,785k for CHC.

34 PFI and LIFT - additional information

34.1 Charges to operating expenditure and future commitments in respect of ON and OFF SOFP PFI

The South Birmingham PCT has no PFI contracts that are accounted for on or off the PCT's Statement of Financial Position.

34.2 Imputed "finance lease" obligations for on SOFP PFI contracts due

The South Birmingham PCT has no PFI contracts that are accounted for on the PCT's Statement of Financial Position.

Charges to operating expenditure and future commitments in respect of on and off SOFP LIFT

The PCT has entered into three NHS LIFT contracts with the Birmingham and Solihull LIFT company. Each contract is for the provision of serviced accomodation over a 25 year period and provides the PCT with use of a purpose built Primary Care Centre for the provision of services to the local population by GP's and other primary care professionals.

Name of Property	Start of operating period	End of operating period
Woodgate Valley Primary Care Centre	24/06/2005	30/09/2030
West Heath Primary Care Centre	01/07/2007	30/09/2032
Greenridge Primary Care Centre	01/02/2008	28/02/2033

The PCT is required to make an annual lease plus payment to the LIFT company under each contract. This unitary payment includes charges for the buildings including interest, and facilities management and asset lifecycle replacement costs. The unitary payment is subject to annual inflationery uplifts, linked to the RPI, under the terms of the contract.

The PCT has an option to purchase each property at the end of the above operating periods. The PCT has determined that it is not reasonably certain to exercise this option, based on an assessment of the residual value of the properties.

Under IFRIC 12, the LIFT properties are treated in the PCT accounts as assets of the PCT. The substance of the contracts is that the PCT has a finance lease. Accounting for finance leases requires that the annual unitary payments are split between payment for the asset (including interest), service costs and lifecycle replacement costs. The assets are subject to depreciation and cost of capital charges over the life of the lease.

	31 March 2013 £000	31 March 2012 £000
Total Charge to Operating Expenses in year - OFF SOFP LIFT	**0**	0
Service element of on SOFP LIFT charged to operating expenses in year	**253**	245
Total	**253**	245

	31 March 2013 £000	31 March 2012 £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	**256**	247
Later than One Year, No Later than Five Years	**1,287**	1,193
Later than Five Years	**5,807**	6,082
Total	**7,350**	7,522

The estimated annual payments in future years are not expected to be materially different from those which the NHS Trust is committed to make during the next year.

Imputed "finance lease" obligations for on SOFP LIFT Contracts due	**31 March 2013 £000**	31 March 2012 £000
No Later than One Year	**580**	579
Later than One Year, No Later than Five Years	**2,173**	2,212
Later than Five Years	**7,506**	8,048
Subtotal	**10,259**	10,839
Less: Interest Element	**(5,413)**	(5,859)
Total	**4,846**	4,980

35 Impact of IFRS treatment - 2012-13

	Total £000	Admin £000	Programme £000
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g LIFT/PFI)			
Depreciation charges	**245**	0	245
Interest Expense	**558**	0	558
Impairment charge - AME	**0**		0
Impairment charge - DEL	**0**	0	0
Other Expenditure	**253**	0	253
Revenue Receivable from subleasing	**0**	0	0
Total IFRS Expenditure (IFRIC12)	**1,056**	**0**	**1,056**
Revenue consequences of LIFT/PFI schemes under UK GAAP / ESA95 (net of any sublease income)	**(946)**	0	(946)
Net IFRS change (IFRIC12)	**110**	**0**	**110**

Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12
There are no capital consequences of IFRS in 2012-13.

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/Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The PCT/Trust has no overseas operations. The PCT/Trust 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' £000**	**Loans and receivables £000**	**Available for sale £000**	**Total £000**
Embedded derivatives	0			**0**
Receivables - NHS		9,626		**9,626**
Receivables - non-NHS		105		**105**
Cash at bank and in hand		2,361		**2,361**
Other financial assets	0	0	140	**140**
Total at 31 March 2013	**0**	**12,092**	**140**	**12,232**
Embedded derivatives	0			0
Receivables - NHS		6,660		6,660
Receivables - non-NHS		28		28
Cash at bank and in hand		1		1
Other financial assets	0	0	140	140
Total at 31 March 2012	0	6,689	140	6,829

36.2 Financial Liabilities	**At 'fair value through profit and loss' £000**	**Other £000**	**Total £000**
Embedded derivatives	0		**0**
NHS payables		8,915	**8,915**
Non-NHS payables		13,291	**13,291**
Other borrowings		4,846	**4,846**
PFI & finance lease obligations		1,285	**1,285**
Other financial liabilities	0	10,277	**10,277**
Total at 31 March 2013	**0**	**38,614**	**38,614**
Embedded derivatives	0		0
NHS payables		7,025	7,025
Non-NHS payables		17,585	17,585
Other borrowings		4,980	4,980
PFI & finance lease obligations		1,360	1,360
Other financial liabilities	0	8,504	8,504
Total at 31 March 2012	**0**	39,454	39,454

37 Related party transactions

During the year none of the Department of Health Ministers, PCT Board Members or members of the key management staff or parties related to them has undertaken any material transactions with South Birmingham Primary Care Trust, except as detailed below:

Board Member/ Senior Manager	Organisation	Position in related organisation	Payments to Related Party £	Receipts from Related Party £	Amounts owed to Related Party £	Amounts due from Related Party £
Rod Anthony	*Audit Commission*	*Finance and Efficiency Advisory Group Member*	45,411	0	0	7,200
Rachel Hardy	*University Hospitals Coventry And Warwickshire NHS Trust*	*Husband is Chief Executive*	437,000	0	0	24,000
Barry Henley	*Birmingham City Council*	*Elected member*	11,540,000	100,000	0	100,000
Denise McLellan	*NHS Walsall*	*Employer*	41,000	64,000	0	29,000
Denise McLellan	*Maidstone & Tunbridge Wells Hospital*	*Sister is a Manager*	1,000	0	0	0
Brendan O'Brien	*BT*	*BT plc Employee*	7,163	0	33,400	0
Brendan O'Brien	*Heart of England Foundation Trust*	*Wife and daughter employees*	23,359,000	10,000	269,000	0
Peter Spilsbury	*University of Birmingham*	*Honorary Fellow*	1,507,734	41,875	114,626	518
John Taylor	*BaS Lift Ltd (Birmingham & Solihull LIFTCo)*	*Chair*	1,091,284	0	3,540	0
Anand Chitnis	*NHS West Midlands*	*GP Trainer*	12,000	1,280,000	0	213,000
Andrew Coward	*Kings Norton Surgery*	*GP – Senior Partner; Wife a GP at this practice*	0	0	46096	0
Andrew Coward	*South Doc Services*	*Minor shareholding*	0	0	117,580	0

Note: The amounts above relate to transactions with the Organisation and not the individual Board member / Senior manager.
Payment and receipts relating to NHS bodies & other government departments reflect Income and Expenditure as per the 2012/13 Agreement of Balances process.

The Department of Health is regarded as a related party. During the year South Birmingham Primary Care Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. For example:

2012-13 Related Party	Payments to Related Party £000's	Receipts from Related Party £000's	Amounts owed to Related Party £000's	Amounts due from Related Party £000's
West Midlands Strategic Health Authority	12	1,280	0	213
NHS Litigation	43	0	1	0
Birmingham East and North PCT	172,096	2,225	1,090	2,685
Coventry PCT	196	28	0	3
Dudley PCT	205	64	0	0
Heart of Birmingham PCT	4,929	4,990	2,109	669
Solihull PCT	38	101	41	571
Warwickshire PCT	126	25	54	0
Wolverhampton City PCT	29	64	29	29
Worcestershire PCT	119	25	48	0
Birmingham Community Healthcare Trust	51,391	4,177	41	4,964
Coventry And Warwickshire Partnership NHS Trust	50	0	33	0
Sandwell and West Birmingham Hospitals NHS Trust	18,862	10	35	77
West Midlands Ambulance Service	10,686	0	142	0
Birmingham and Solihull Mental Health Foundation Trust	123	10	8	0
Birmingham Childrens Hospital NHS Foundation Trust	16,900	10	493	0
Birmingham Womens NHS Foundation Trust	26,261	10	230	268
Heart of England NHS Foundation Trust	23,359	10	269	0
Royal Orthopaedic Hospital NHS Foundation Trust	18,081	10	2,143	0
South Staffordshire Healthcare NHS Foundation Trust	35	0	20	0
University Hospital Birmingham NHS Foundation Trust	143,530	48	2,993	0

In addition the Primary Care trust has had a number of material transactions with other Government Departments and other central & local Government bodies.
Most of these transactions have been with:

Related Party	Payments to Related Party £000's	Receipts from Related Party £000's	Amounts owed to Related Party £000's	Amounts due from Related Party £000's
Birmingham City Council	11,540	100	0	100

37 Related party transactions (Prior Year Comparators)

During the year none of the Department of Health Ministers, PCT Board Members or members of the key management staff or parties related to them has undertaken any material transactions with South Birmingham Primary Care Trust, except as detailed below:

Board Member/ Senior Manager	Organisation	Position in related organisation	Payments to Related Party £	Receipts from Related Party £	Amounts owed to Related Party £	Amounts due from Related Party £
Denise Mclellan	*Maidstone& Tunbridge Wells Hospital*	*Sister is a Manager*	1,189	0	0	0
	NHS Walsall	*Employer*	39,453	35,290	0	0
Rod Anthony	*NHS Institute For Innovation & Improvement*	*Director*	1,050	0	700	0
	Audit Commission; Finance & Efficiency Advisory Group	*Member (from 26 May 2010)*	185,881	0	37,840	0
John Taylor	*BaS Lift Ltd*	*Chair*	1,120,016	0	0	0
Rachel Hardy	*University Hospitals Coventry And Warwickshire NHS Trust*	*Husband is Chief Executive*	493,185	0	4,831	0
Peter Spilsbury	*University of Birmingham, Health Services Management Centre,*	*Honorary Fellow*	1,890,592	1,174	12,550	160
Peter Hay	*Birmingham City Council*	*Strategic Director*	4,174,000	0	0	0
Cllr Sue Anderson	*Birmingham City Council*	*Elected Member (ongoing)*	As Above	As Above	As Above	As Above
Cllr Bob Sleigh	*Birmingham & Solihull Mental Health Foundation Trust*	*Lay Mental Health Act Manager*	217,050	71,891	232,049	0
	Birmingham Children's Hospital	*Lay Mental Health Act Manager*	17,766,501	10,237	234,511	0
Barry Henley	*Birmingham City Council*	*Elected Member (ongoing)*	As Above	As Above	As Above	As Above
Brendan O'Brien	*BT PLC*	*Employee*	19,161	0	0	0
	Heart of England NHS Trust	*Wife & Daughter Employees*	24,273,159	10,317	0	237,467
Andrew Coward	*Kings Norton Surgery*	*GP - Senior Partner / Wife GP*	809,575	0	0	0
	South Doc Services	*Minor Shareholding*	0	0	443	0
Ranjit Sondhi	*Midlands Art Centre (MAC)*	*Wife Chairman*	4,045	0	0	0
Sandra Cooper	*South East Staffordshire Citizens Advice Bureau*	*Chief Executive*	186,828	0	0	0
	Birmingham City Council - Independent Remuneration Committee	*Chair*	As Above	As Above	As Above	As Above

Note: Payment and receipts relating to NHS bodies & other government departments reflect Income and Expenditure as per the 2011/12 Agreement of Balances process.

The Department of Health is regarded as a related party. During the year South Birmingham Primary Care Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. For example:

2011-12 Related Party	Payments to Related Party £000's	Receipts from Related Party £000's	Amounts owed to Related Party £000's	Amounts due from Related Party £000's
West Midlands Strategic Health Authority	22	1,249	1	60
NHS Institute of Innovation & Improvement	1	0	1	0
NHS Litigation	62	0	8	0
Birmingham East and North PCT	177,236	637	1,018	1,043
Coventry PCT	187	25	0	0
Dudley PCT	298	35	0	0
Heart of Birmingham PCT	4,924	764	58	97
Solihull PCT	10	132	6	96
Warwickshire PCT	63	25	0	0
Wolverhampton City PCT	9	35	0	0
Worcestershire PCT	816	25	22	0
Birmingham Community Healthcare Trust	52,458	5,294	2,403	5,224
Coventry And Warwickshire Partnership NHS Trust	17	0	0	0
Sandwell and West Birmingham Hospitals NHS Trust	19,095	10	358	0
West Midlands Ambulance Service	80	0	67	0
Birmingham and Solihull Mental Health Foundation Trust	217	72	232	0
Birmingham Childrens Hospital NHS Foundation Trust	17,767	10	545	0
Birmingham Womens NHS Foundation Trust	25,972	10	290	0
Heart of England NHS Foundation Trust	24,273	10	0	237
Royal Orthopaedic Hospital NHS Foundation Trust	18,831	10	961	0
South Staffordshire Healthcare NHS Foundation Trust	47	14	12	0
University Hospital Birmingham NHS Foundation Trust	135,579	10	3,054	0

In addition the Primary Care trust has had a number of material transactions with other Government Departments and other central & local Government bodies.
Most of these transactions have been with:

Related Party	Payments to Related Party £000's	Receipts from Related Party £000's	Amounts owed to Related Party £000's	Amounts due from Related Party £000's
Birmingham City Council	4,174	0	0	0
NHS Pensions Agency	1,609	0	134	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	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

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

There were no individual cases over £250,000 (nil in 2011/12).

39 Third party assets

There are no assets held on behalf of other bodies.

40 Pooled budgets

The PCT participates in a number of pooled budget arrangements, as set out in Note 1.4.

The PCT's shares of the income and expenditure handled by the pooled budget in the financial year were:

	2012-13 £000	2011-12 £000
PCT contribution to Joint Equipment Store	2	2
PCT Contribution to Mental Health Commissioning Pool	52,995	54,046
PCT Contribution to Learning Disability Commissioning Pool	10,581	9,563

41 Cashflows relating to exceptional items

There are no exceptional cashflow items.

42.1 Events after the end of the reporting period

The main functions carried out by South Birmingham PCT in 2012-13 are to be carried out in 2013-14 by the following public sector bodies:

NHS Birmingham Cross City CCG
NHS Birmingham South Central CCG
NHS Solihull CCG
Public Health England
NHS England (Commissioning Board)
Community Health Partnerships
NHS Property Services

Subject to any final changes required by the Department of Health, the assets and liabilities for the PCT will be transferred to successor bodies This indicative transfer follows the policies and procedures laid out in the Transfer of Claims, Liabilities and related Financial Assets Guidance issued by the Department of Health. The ultimate destination of the assets and liabilities shown below will be confirmed following the final review of the transfer orders by the DoH.

Annual Governance Statement – 2012/13
South Birmingham Primary Care Trust

Scope of responsibility

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

The performance of the PCT is monitored through that of the Birmingham and Solihull PCT Cluster by NHS Midlands and East via their assessment of the PCT is meeting its obligations, as set out in the NHS Operating Framework 2012/13. This is undertaken by the submission of reports, by declarations of compliance and by meetings between NHS Midlands and East and PCT staff. My personal performance is appraised and managed by the Chairman on behalf of the PCT Board.

In 2011/12, the PCT delegated responsibility for the operational delivery of its statutory functions to a joint sub-committee of Birmingham and Solihull PCTs this includes; Birmingham East & North, Heart of Birmingham, Solihull and South Birmingham. This arrangement has continued throughout the duration of 2012/13 and I have led the transition to a new NHS architecture which includes the formal transfer of a number of PCT statutory functions to new NHS bodies and/or partner local authorities.

As a manifestation of these transitional arrangements, the Birmingham Cross City, Birmingham South Central and Solihull Clinical Commissioning Groups (CCG) were set up as a sub-committee of the Cluster Board during 2012/13. This enabled the PCT, through the shadow CCG, to work as an equal partner within the locality partnership arrangements. Senior PCT staff were members of these partnership boards and the work of these partnership boards was presented to each CCG Board. The CCG has a good working relationship with the locality Health and Social Care Scrutiny Panel(s). The CCG continues to work with Local Involvement Networks (LINks) and has been an active partner in the development of the new HealthWatch.

The PCT, through the shadow CCG, has continued the partnership work by being an active member within the Shadow Health and Well Being Board. The Cluster has also been directly represented on each of the Shadow Health and Well Being Boards in Birmingham and Solihull. The Joint Directors of Public Health have been working with the local authority on the transfer of Public Health in accordance with the Health and Social Care Act.

I have ensured that the PCT, through the joint sub-committee of the Cluster has documented for successor organisations significant areas of work through the Handover Document and the Quality Handover Document. Both these were presented to the final Cluster Board meeting and were formally 'sent' to receiver organisations. I also ensured that any ongoing work associated with open complaints, claims, fraud cases and serious incidents were also officially 'sent' to receiver organisations through the last PCT Board meeting. The Cluster has been working to a closedown plan, overseen by the Transition Committee, accountable to the PCT Board.

The governance framework of the organisation

The governance framework is designed to manage risk to a reasonable level rather than to guarantee the elimination of all risk of failure to achieve aims and objectives; it cannot therefore provide an absolute assurance of effectiveness. The governance framework and systems of internal control is an evolutionary process designed to:

- Identify and prioritise the risks to the delivery of aims and objectives

- Evaluate the likelihood of those risks occurring and the impact should they be realised, and to manage them efficiently, effectively and economically

The system of internal control has been reviewed and amended throughout the 2012/13 year to reflect the nature of the transitional environment and to ensure a robust assurance framework continues to be in place to best support the delivery of key aims

<u>The Board</u>

For the period April – September 2012 inclusive the PCT was led by a Chief Executive. With effect, 1 October 2012 I was appointed the Accountable Officer and thus the Chief Executive of the PCT together with the other PCTs that made up the Cluster. I received a detailed handover from my predecessor which was documented and presented to the Cluster Board for assurance. The PCT Executive Team also changed on 1 October and I ensured they each received a detailed handover from their outgoing predecessor. The Quality Handover Document was presented to the Board for assurance. The Executive Team and I have been working with the receiver organisations to ensure the safe execution of the NHS Health and Social Care Act 2012.

The Cluster Board (which in turn operated as the PCT Board) had 14 voting members:

- 1 Chair
- 7 Non executives
- 1 Chief Executive
- 1 Nurse Director
- 1 Director of Finance
- 1 Director of Commissioning
- 1 Medical Director
- 1 Director of Public Health

The Joint Directors of Communications, Associate Director Corporate Affairs and a Board Secretary were in regular attendance. There continued to be a Director of Public Health in each PCT, but one represented colleagues at the Cluster Board. The Board also invited a number of co-opted, non-voting Members onto the Board to represent the broad stakeholder interest in the Board agenda.

Board meetings were held in public once every month until September 2012 and then bi-monthly from October 2012 to March 2013. Average attendance for the whole of 2012/13 is 83%.

A review of Board performance against the requirements of the Corporate Governance Code has been completed for the 2012/13 year and I am confident that all relevant requirements have demonstrable evidence available to support a declaration of full compliance.

Board committee structure

The Board committee structure was reviewed on a regular basis throughout 2012/13 to ensure that the Board was appropriately supported in discharging its functions effectively and that the transition to the new NHS architecture was adequately reflected. Each sub-committee has a term of reference which has been approved by the Board and provides a robust framework for the functions and duties of the committee to be discharged in a manner that ensures the main Board retains sufficient oversight of the proper performance of the delegated functions.

The board committee structure for the period April to September 2012 inclusive is shown at Appendix 1. Following my appointment in October 2012 I reviewed the existing arrangements and implemented a series of changes to consolidate the committee structure and make best use of my Executive Team resource. This is shown at Appendix 2.

Risk assessment

As Accountable Officer, I have overall responsibility for risk management and the arrangements to support this are clearly articulated in the Board Assurance Framework and Risk Management Strategy. Moreover, in October 2012 the Standing Orders, SFI's and the Scheme of Reservation and Delegation were all reviewed and updated across the Cluster. They were approved at both the Cluster Audit Committee and the Cluster Board. To provide assurance to the Board all financial leads across the Cluster were written to and asked to sign to say they had received and disseminated the revised documents as necessary.

The PCT has reviewed the arrangements for delivery of key aspects of internal control mechanisms throughout the year to ensure they remain appropriate and reflective of the transition this includes; Local Security Management Service, compliance with the Health and Safety at Work Act Standards of Business Conduct and developing emergency response plans against regional and national directives.

Newly identified risks; i.e. risks identified in the year 2012/13

The Board Assurance Framework (attached at Appendix 3) is the mechanism by which all strategic level risks are identified, mitigated and reviewed by the Board. All risks contained on this exception report have been newly identified within the 2012/13 year. Risks which are deemed to be borough wide and impact on other stakeholders are addressed through the appropriate partnership working arrangements Other risks are addressed through other routes for example the emergency planning partnership work. Internal Audit has provided assurances on the operation of the Assurance Framework.

Data Security

Responsibility for Information Governance has been vested in the following colleagues throughout the year:

- Caldicott Guardian – Doug Wulf, Associate Medical Director (April to May)
- Caldicott Guardian – Nick Griggs, Associate Medical Director (May to September)
- Caldicott Guardian - Steven Cartwright, Medical Director (October to March)
- Senior Information Risk Officer – Diane Reeves, Medical Director (April to October)
- Senior Information Risk Officer – Alison Taylor, Director of Finance (November to March)

There has been one breach of data security in year:

- Data security breach – the agreed process for release of patient level data was not followed resulting in an inappropriate release of information. A root cause analysis was completed and concluded that there was insufficient awareness of the process to be followed in the circumstances of this incident. Training has been provided and systems and processes revised to prevent a further occurence

There is a strong data security culture within the organisation backed up by mandatory training for all staff. Sanctions would be applied if staff wilfully disregarded basic security measures. All laptops and blackberries are encrypted and staff can send encrypted emails using the 'confidential' option on the email system.

Risk and Control framework

The PCT Risk Management Strategy sets out the role and responsibility of the Chief Executive and other key officers in relation to Risk Management. The Executive Nurse and Medical Director provide clinical leadership in the clinical governance area and in particular quality and safety within the providers that the PCT commission from.

The Clinical Executive/Quality and Safety Committee, chaired by the Medical Director with non-executive director attendance, meets monthly and is accountable to the PCT Board. This Committee assures the Board of the management of risk within the Cluster. It monitors the work of the Clinical Quality Review meetings with our main providers and the work of the Care Quality Commission locally (for example their assessments of nursing homes). It also reviews the red risks associated with quality and the serious incident reports. The Audit Committee gives assurance to the Board that risk is being managed appropriately within the Cluster.

The Assurance Framework provides the overall mechanism for the Cluster Board and hence the PCT to manage its strategic risks. It was based upon the Assurance Framework for 2011/12 which was developed by the whole Cluster Board during a facilitated planning event and each of the risks identified has a lead Cluster director whose responsibility it is to ensure that the risk is mitigated. Action plans are in place to mitigate the risks identified and

embedded within the day to day working of the Cluster. The Cluster published information in relation to the Equality Act by 31 January 2013 as required.

The red risk register holds the high operational risks and the financial consequences of the risk are identified where appropriate. These are categorised as 'red' on the 5x5 risk scoring matrix. Again, there is a lead director identified who puts an action plan in place and ensures that the risk is mitigated. The red risk register is reviewed regularly at the Cluster's Transitional Committee (which was established to oversee the transition arrangements put in place to enact the NHS reorganisation resulting from the NHS and Social Care Act).

The Cluster was conscious that the year 2012/13 was one of extreme disruption within the management of the NHS. As such, the Transition Committee was instrumental in monitoring the risks associated with the changes. These risks and their mitigation were then reported to each Board meeting. The Audit Committee also reviewed the Cluster's approach to risk and the risk register. The Cluster put into place robust mechanisms to ensure patient safety and quality was not compromised during this period. This included working closely with successor organisations in particular the CCGs to ensure continuity and transfer of corporate memory.

Review of the effectiveness of risk management and internal control

The PCT achieves assurance that risk management activities and systems are being appropriately identified and managed through the following:

- Annual Governance Statement, the Board Assurance Framework and transitional risk register
- The PCT Cluster's progress against its strategic and operational objectives
- Statistical and trend reporting of Incidents, Complaints and Claims to the Board and relevant Committees
- Correlation between incidents/near miss reporting and dates of occurrence
- Receiving assurance from Internal and External Audit that the PCT Cluster's Risk Management Systems are being implemented
- Information Governance Toolkit compliance

This proactive and reactive management of risks means that the PCT Cluster is able to provide a dynamic and continuous quality improvement process for the systematic identification and analysis of all risks. Relevant stakeholders are made aware of the significant risks through the PCT Cluster Board. Significant risks are prioritised according to their high numeric score.

The following sections set out a more detailed assessment of several specific areas.

Audit Committee reports

The Cluster Audit Committee has approved Terms of Reference that are in line with the Audit Committee Handbook, published by the HFMA and Department of Health. Its agenda is largely driven by the handbook with the content and timing of the meetings linked to the requirements of the financial year. The Committee had delegated authority from the Cluster

Board to approve the Annual Financial Statements; the draft Annual Report and the annual accounts and report for Funds held on Trust (Charitable Funds). During 2012/13 it reported after every meeting to the Board. The Cluster Audit Committee worked very closely with Audit Committees within each Black Country locality. These local audit committees recommended the write-off of losses; ex gratia payments reported to the Cluster Audit Committee. An internal audit review has provided moderate assurance in relation to primary care contractor payment systems in relation to the PCT.

Pension

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

Fraud

The PCT has specific and appropriate arrangements in place to comply with the requirements of the Local Counter Fraud and Security Management Services Directives and the Bribery Act.

Head of Internal Audit Opinion

The HoIA Opinion describes the robustness of the arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work. The opinion concluded that the systems in respect of the Assurance Framework are robust and operate in a good control environment and gives significant assurance with regard to the management of risk in the core financial systems.

The basis for forming this opinion is drawn from an assessment of the design and operation of the underpinning Cluster Assurance Framework and supporting processes together with an assessment of the range of individual opinions arising from risk-based audit assignments including core financial systems.

There were limited instances of concerns being raised to the effectiveness of controls in respect of the PCTs level of compliance in relation to the Information Governance Toolkit, the management, administration and security of IT assets and the transition arrangements for public health to move to local authorities. In each instance, an action plan was agreed with management to address the issues during the course of the year.

Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide the Accountable Officer with assurance. The Assurance Framework itself provides evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. I am confident that this Annual Governance Statement is a balanced reflection of the actual control position and that where control weaknesses have been identified there is a sufficiently robust plan in place to strengthen the assurance available.

Significant Issues

There were no significant issues during 2012/13.

However, it should be noted that the following concerns have been raised towards the end of the financial year regarding the transition of certain systems and processes to NHS England:

- the future maintenance of primary care contract payment systems across Birmingham, Solihull and the Black Country, given the resilience issues reported by Internal Audit in relation to these systems within the Black Country Cluster

- the lack of suitable counter-fraud arrangements within NHS England to conclude open cases that relate to primary care contractors

It is appropriate that both these issues are referenced separately as given the proximity of the issue being raised to the abolition of the PCTs the future management actions necessary to mitigate and/or remove these risks will be transferred to the Birmingham, Black Country and Solihull Area Team on behalf of NHS England.

My review confirms that South Birmingham PCT had in place a generally sound system of internal control that supported the achievement of its policies, aims and objectives.

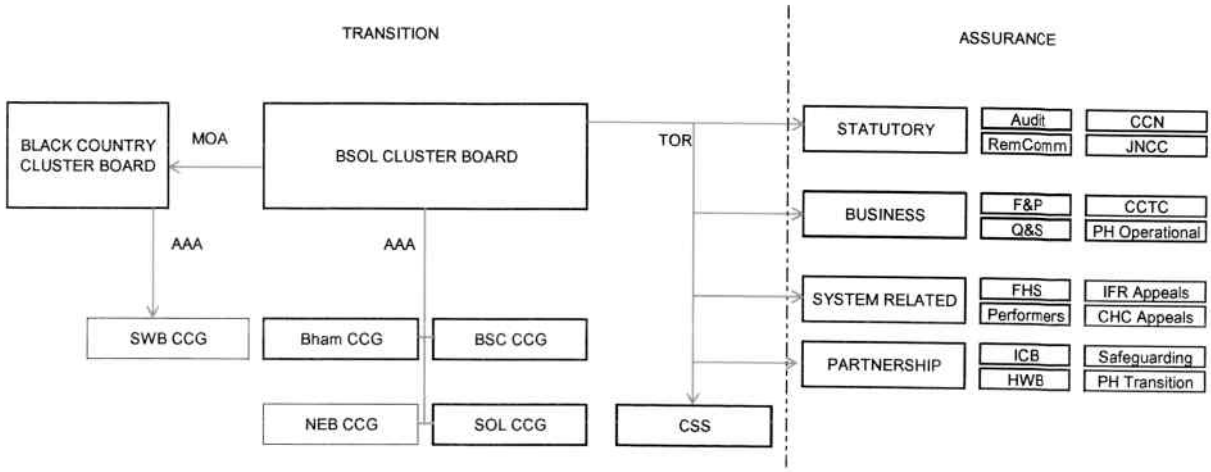
Accountable Officer : Wendy Saviour

Organisation: South Birmingham PCT

Signature W Saviour

Date 05.06.2013

Appendix 1: Board committee structure April – September 2012



Appendix 2: Board committee structure October 2012 – March 2013