Department of Health

NHS

Sefton Primary Care Trust

2012-13 Annual Report and Accounts

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Sefton Primary Care Trust

2012-13 Annual Report

Department of Health

Annual Report and Accounts 2012-2013

Sefton Primary Care Trust

Contents

Welcome…

…to the final Annual Report of Sefton Primary Care Trust (PCT), charting the PCT's last year as the organisation accountable for 'commissioning' or buying and planning health services for everyone who lives in the borough.

During 2012-2013 the PCT – better known as NHS Sefton - remained the body responsible for ensuring the continued high quality, safety and effectiveness of local healthcare. Alongside this, NHS Sefton was playing an important role in helping to prepare for the changes set out in the government's Health and Social Care Act, effective from 1 April 2013.

To do this, NHS Sefton worked closely with other PCTs in the area - known collectively as NHS Merseyside. By working together as a 'cluster', the PCTs were able to work more efficiently by reducing duplication of effort - including a single management team and board.

Working as NHS Merseyside has also meant PCTs could free up resources to better support the new, emerging organisations taking over from PCTs when they ceased to exist at the end of March 2013.

The majority of NHS Sefton's duties and responsibilities pass to NHS South Sefton Clinical Commissioning Group and NHS Southport and Formby Clinical Commissioning Group from 1 April 2013. These new organisations have been operating in 'shadow form' since November 2011, carrying out much of the day to day work required of commissioning organisations – such as overseeing and monitoring health services provided by hospitals and clinics to ensure they are the best they can be for local people.

NHS Sefton also worked to ensure the smooth handover of Public Health services to the local authority, who take on the responsibility of improving and protecting the health of the population it serves from 1 April 2013.

Nationally, two new organisations will work in partnership with local health organisations to ensure the health system achieves more year on year – Public Health England and NHS England, formerly the NHS National Commissioning Board.

Giving patients and members of the public more control over their own healthcare and in shaping their health services is also central to the NHS reforms. There will be a new local champion for patients called Health Watch, which replaces the former Local Involvement Network, LINk.

We will talk about some of these changes in more detail throughout this report and about the achievements of the local NHS in this year of unparalleled change and transformation.

Most importantly, we would like to pay tribute to the continued hard work, commitment and innovation of PCT staff amidst a monumentally challenging period and we thank them all.

Signed.....Designated Signing Officer

Date: 6/6/2013.

A history of NHS Sefton

- NHS Sefton has overseen local health services since 2006 when it replaced Southport and Formby PCT and South Sefton PCT, which had been in existence since 2002
- In 2011, NHS Sefton 'clustered' with three other PCTs in the area - NHS Halton and St Helens, NHS Knowsley, and Liverpool PCT - to form NHS Merseyside[1] as part of the government's reforms to the NHS set out in the Health and Social Care Act
- From November 2011 NHS Southport and Formby Clinical Commissioning Group (SFCCG) and NHS South Sefton Clinical Commissioning Group (SSCCG) have been operating in 'shadow form', accountable to NHS Sefton through NHS Merseyside
- In January 2013, SFCCG and SSCCG were 'authorised', or granted permission to take over the majority of NHS Sefton's responsibilities following its abolition at the end of March 2013

Who's who

Below is a list of people who made up our Board and our Audit Committee over the past year:

Board members

Non Executive Directors
Gideon Ben Tovim - Chair
Maureen Williams
David Merrill – Audit Committee Chair
Jim Wilson
Clllr Graham Wright
Peter Hinton
Paul Acres
Keith Cawdron

Executive Directors
Chief Executive/Accountable Officer - Derek Campbell
Accountable Officer - Clare Duggan (1 Oct 2012 – 31st Mar 2013)
Director of Finance - Phil Wadeson
Executive Nurse - Trish Bennett
Medical Director - Dr Steve Cox (1st Apr 2012 – 31 Aug 2012)
Acting Medical Director - Dr Kieran Murphy (1 Sept to 30 Sept 2012)
Acting Medical Director - Dr John Hussey (1 Oct 2012 – 31 Mar 2013)
Director of Human Resources and Organisational Development - Jane Raven
Director of Strategic Change - Clare Duggan (1 Apr 2012 – 30 Sept 2012)

Audit Committee 1 Apr 2012 – 30 Nov 2012
David Merrill – Chair
Cllr Graham Wright
Peter Hinton
Maureen Williams

Audit Committee 30 Nov – 31 Mar 2013
Cllr Graham Wright– Chair
Jim Wilson
Paul Acres
Peter Hinton

About health in Sefton

Sefton is a borough of great contrasts – from the resort town of Southport in the north, down to the docks of Bootle in the south. Its 273,970 residents live in some of the most and least affluent areas of the country.

Health in the borough mirrors these contrasts. Whilst overall health in Sefton continues to improve, significant inequalities remain between different parts of the borough. Life expectancy for men is 76 years and for women it is nearly 82 years – this is almost 2.5 years less than the national average for men and almost 1 year less for women.

The difference in life expectancy between the most and least deprived communities in Sefton is over 10 years. This 'gap' in life expectancy and high levels of ill health amongst some Sefton residents is strongly linked to lifestyle choices such as smoking, alcohol, obesity and mental wellbeing.

In the future the NHS in Sefton will work even closer with partners from the council, patient groups and the voluntary and community sector to tackle the health issues that affect local people the most.

A new Health and Wellbeing Board is bringing these key partners together to set out joint priorities to improve the health and wellbeing of local people. The aim is to achieve more by combining their efforts to tackle the wider factors that affect health, such as education and housing.

What NHS Sefton has achieved

Below are some examples of NHS Sefton's work to improve health since its creation in 2006. Much of this work has been carried out in partnership with Sefton Council, the voluntary and community sector and Sefton Children's Trust:

Creating better healthcare environments
NHS Sefton has overseen the development of a number of new state of the art healthcare facilities, including Southport Centre for Health and Wellbeing and Litherland Town Hall Health Centre. A number of existing medical centres have been also been refurbished

Southport children's hub
The hub, based inside Southport Centre for Health and Wellbeing, was designed following a major review of children's services in the north of the borough. It provides better and more integrated services for children and young people with the benefits of care closer to home

Supporting better dental health
Sefton residents have amongst some of the best access to dental treatment in the country following significant investments in dental health by NHS Sefton

NHS Health Checks
NHS health checks are offered in all GP practices and in a number of pharmacies. In 2011-2012 over 10,000 residents received a health check

Smokefree Sefton and beyond
Around 10 years ago NHS Sefton brought together key representatives from the council and the voluntary, community and faith sector to look at new ways to make Sefton smokefree. This collaborative approach to tobacco control has strengthened over time with smoking rates in Sefton remaining much lower than the North West and England averages

Active Lifestyles
This programme focuses on improving physical health and mental wellbeing through an increase in physical activity, alongside weight management services, to reduce weight and encourage healthy eating. Around 4,300 people use the service each year.

Fruit and vegetable co-operatives
Run by the Brighter Living Partnership and funded by NHS Sefton, the fruit and vegetable co-ops improve access to affordable and good quality fruit and vegetables in community locations, particularly encouraging those people who may not have a healthy diet, older people and families.

Citizens Advice Bureau (CAB) outreach service in GP practices
CAB services in GP practices help to ensure people are receiving their full benefit entitlement, bring their debts under control and provide advice on legal matters, housing, and employment. A study by John Moores University demonstrated this service has led to a reduction in GP consultation time, reduction in prescribing for mental illness and led to more appropriate referral to mental health services.

Working in partnership for change
Since its creation, NHS Sefton has been the host organisation for a number of pioneering and award winning health partnerships, all working towards better health in Sefton and beyond. They include Tobacco Free Futures (formerly Smokefree North West), Heart of Mersey and North West Brussels Health Office

Looking Local – digital health information via your TV or mobile phone
Looking Local is free to Sky and Virgin Media TV viewers and can be viewed via mobile phone. In 2011 it won two awards for its innovation. View it on Sky channel 539, Virgin Media via the interactive button, download the phone app or visit www/lookinglocal.gov.uk/nhssefton

Healthy Sefton
In 2009, NHS Sefton launched a new service making it easier for people to access lifestyle services to help them manage their weight, get active, stop smoking, drink sensibly and to improve their mental wellbeing. Call 0300 100 1000 or visit the website www.healthysefton.nhs.uk for information

Your new and local NHS

During 2012-2013, NHS South Sefton Clinical Commissioning Group and NHS Southport and Formby Clinical Commissioning Group were granted authorisation to become statutory bodies and take on the duties set out in the Health and Social Care Act from 1 April 2013, when they become the lead organisations for the majority of local healthcare.

It followed a rigorous assessment process during 2012 to determine if they were ready to take on these duties and powers, and confirmation that they had successfully achieved authorisation was announced in early 2013.

Made up mainly of local doctors and nurses, Clinical Commissioning Groups (CCGs) are best placed to know the health needs of the communities they serve. They will work with local people and a wide range of other partners to plan and buy services tailored to the health priorities experienced by people living in the area they cover.

CCGs are also be members of the council's Health and Wellbeing Board (HWBB), which will be responsible for carrying out assessments to identify the borough's key health priorities – called a joint strategic needs assessment (JSNA) - and to develop a joint strategy to tackle them – the Health and Wellbeing Strategy (HWBS).

The CCGs made good progress whilst operating in shadow form, and have now published their plans and priorities for 2012-2013. A wide range of people were involved in the development of the plans – including patients and local residents - which complement those in the HWBS. The CCGs will regularly report on their progress.

You can find out more about SSCCG and SFCCG – including their plans, priorities and achievements over the past year by calling 0151 247 7000.

Supporting our people

We have provided extra support to our staff over the past year to help them prepare for the new local NHS systems and structures and to keep them informed about what the transition meant for them.

This has included a specially designed development programme, where our staff could access group workshops or one to one tailored advice.

Briefing sessions, blogs, along with re-designed news bulletins and website information kept staff informed about the transition, as well as providing them with an opportunity to ask questions and receive feedback.

We are committed to being a fair and equal employer. Our workplace policies are in line with all relevant equality, diversity and human rights legislation to ensure none of our staff are disadvantaged by our working processes. NHS Merseyside has specific staff policies relating to the following:

- Employees with disabilities
- Equality and Diversity

Sickness absence rates

	2012-2013	2011-2012
Total days lost	**1,331**	**9,307**
Total staff years	**188**	**846**
Average working days lost	**7**	**11**
Number of persons retired early on ill health grounds (The sickness absence data in this table relates to the period January to December 2012).	**0**	**2**
Total additional pensions liabilities accrued in the year (£000s)	**0**	**333**

Off Payroll Engagements

The PCT, like many public and private sector organisations has from time to time employed individuals who are not on their payroll and are therefore “off payroll”. Details of the PCT off payroll engagements are shown in the following tables:

Table 1: For off-payroll engagements at a cost of over £58,200 per annum that were in place as of 31 January 2012

No. In place on 31 January 2012	4
Of which:	
No. that have since come onto the Organisation's payroll	0
Of which:	
No. that have since been re-negotiated/re-engaged to include to include contractual clauses allowing the PCT to seek assurance as to their tax obligations	0
No. that have not been successfully re-negotiated, and therefore continue without contractual clauses allowing the PCT to seek assurance as to their tax obligations	2
No that have come to an end	2
Total	4

For the two cases that are reported as not having been re-negotiated the PCT would have re-negotiated these contracts to include contractual clauses, so that it could have sought assurances about the individuals tax arrangements, had the PCT been continuing as an organisation post 31 March 2013.

Table 2: For all new off-payroll engagements between 23 August 2012 and 31 March 2013, for more than £220 per day and more than 6 months

No. of new engagements	0
Of which:	
No. of new engagements which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	0
Of which:	
No. for whom assurance has been accepted and received	0
No. for whom assurance has been accepted and not received	0
No. that have been terminated as a result of assurance not being received	0
Total	0

Emergency preparedness

NHS Sefton is a Category 1 Responder as defined within the Civil Contingencies Act 2004. This means that the PCT plays an important role when preparing for, responding to and recovery from any local or significant emergencies in partnership with the local authorities, emergency services and other health bodies.

During 2012-2013, the PCT's emergency preparedness duties were assumed by NHS Merseyside who has worked closely with partner organisations including the local Health Protection Unit of the Health Protection Agency (HPA), the local authority, NHS partners and the emergency services, to protect the health of the population from communicable disease and environmental hazards.

Whilst acting on behalf of the PCT, NHS Merseyside has continued to develop the preparedness of local NHS Trusts through the delivery of a programme of auditing, workshops and exercises including mass casualties, pandemic influenza, winter preparedness and business continuity supported by ongoing training for staff.

During this period NHS Merseyside implemented a programme of transition in readiness of the reforms to the NHS on 1st April 2013. NHS Merseyside, acting on behalf of the PCT, has responded to a number of multi-agency incidents whilst managing urgent and emergency care pressures and maintaining the obligations of being a member of the Merseyside Resilience Forum and a Category 1 Responder.

Looking after you and your information

Managing and responding to risks

Our Governance Committee provides assurances to the NHS Merseyside Board that structures, systems and processes are in place which enable us to identify and manage significant risks that we may face. The committee is also responsible for monitoring quality against national and local standards on issues including patient safety and health and safety. For more details read our Annual Governance Statement later in this report.

It also ensures that any information we hold about your care is held securely and in line with data protection regulations. Where breaches happen, we work hard to strengthen our systems. In 2012-2013, NHS Sefton had no serious untoward incidents involving the loss of personal data or confidentiality breaches to declare to the Care Quality Commission or to the Information Commissioner's Office.

PALS – helping you

Our Patient Advice and Liaison Service (PALS) is there to help people with any queries or concerns they have about their health or their treatment.

The team also runs our formal complaints service. All complaints are investigated and every person making a complaint receives a response from the Chief Executive. This process is another way of ensuring the high standards of our services, reviewing them when concerns are highlighted and changing them when it is appropriate, for the benefit of all our patients.

Our complaints policy is based on national policies and processes. Anyone calling the PALS team can expect a high standard service, which also reflects the measures of quality set out in the guidance 'Principles for Remedy'. This guidance, issued by the Parliamentary and Health Ombudsman, focuses on six key areas of best practice:

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

Information Charges

The PCT has complied with HM Treasury's guidance on setting charges for information required. This guidance is available as Appendix 6.3 to Treasury's MPM.

Working sustainability

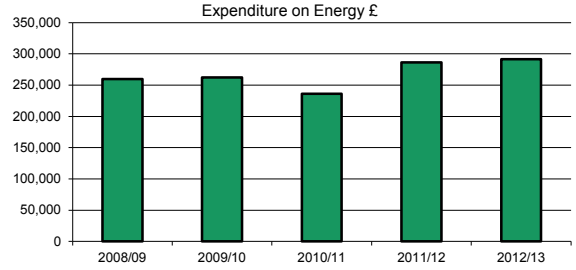
The NHS aims to reduce its carbon footprint by 10% between 2009 and 2015 reducing the amount of energy used in our organisation contributes to this goal. Below are some of the ways we are working towards a more sustainable health service in Sefton.

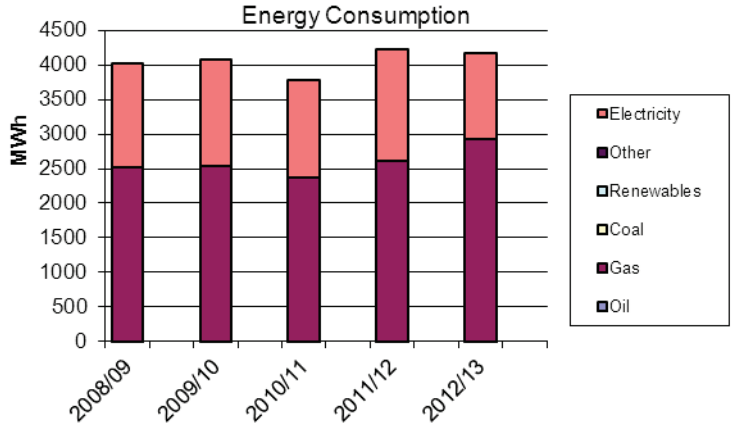
Carbon Collective

NHS Sefton is a member of the Carbon Collective, a group of 13 NHS Trusts on Merseyside dedicated to reducing their carbon imprint. On 28th March 2012, it launched Simple Actions, a campaign that aims to support and encourage 50,000 NHS staff on Merseyside to cut waste, conserve energy, and reduce carbon. As part of a wider carbon reduction strategy, it aims to save up to £4 million a year to reinvest in services. The Carbon Collective is currently reviewing the potential for renewable energy across the North Mersey NHS and has just completed a review of taxi and courier use aimed at delivering reduced emissions from travel costs.

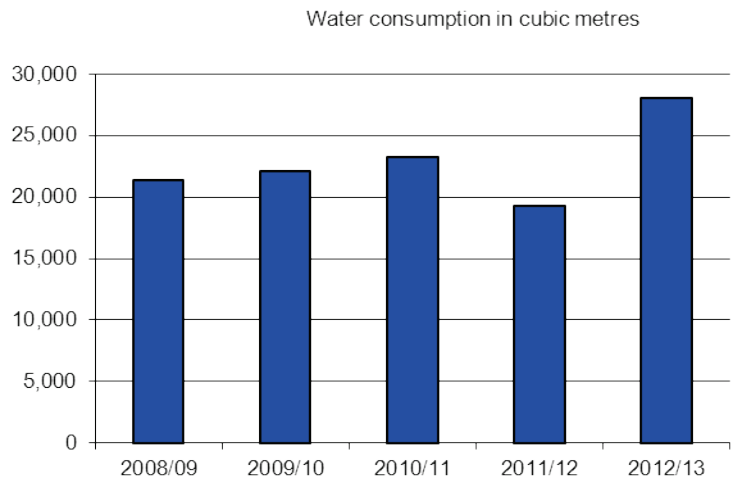
Our use of energy and water last year

- Our energy costs have increased by 2% in 2012-2013, the equivalent of 1 hip operation



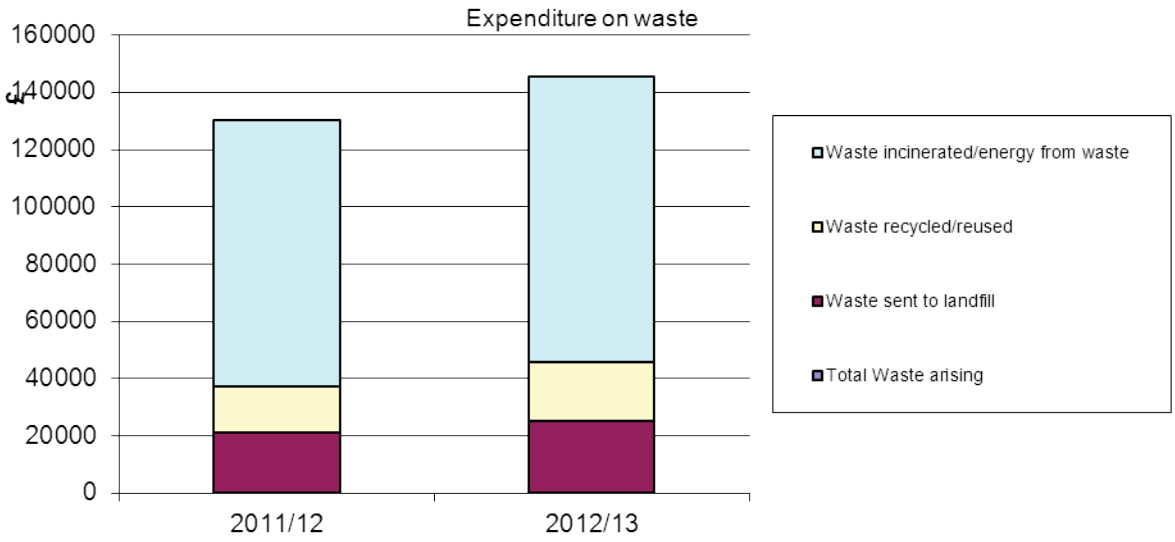


- We have not yet quantified plans to reduce our carbon emissions and improve our environmental sustainability
- Our total energy consumption has fallen during the year, from 4,221 to 4,170 MWh
- Our relative energy consumption has stayed the same as last year at 0.19 MWh/square metre
- We do not generate any energy. We have not made arrangements to purchase electricity generated from renewable sources
- We do not currently collect data on our annual Scope 3 emissions
- Our water consumption has increased by 8,774 cubic meters in the recent financial year
- In 2012-2013 we spent £69,008 on water



Waste recovery and recycling

We recover or recycle 68 tonnes of waste which is 39% of the total waste we produce. Our expenditure on waste in the last 2 years was incurred as follows:



Our Sustainable Development Management Plan

Our organisation has not updated its Sustainable Development Management plan within the current financial year, as the issues around sustainability will be considered within the PCT's successor organisation going forward. We consider therefore, neither the potential need to adapt the organisation's activities nor its buildings and estates as a result of climate change. Adaptation to climate change will pose a challenge to both service delivery and infrastructure in the future. It is therefore appropriate that the successor organisation consider it when planning how best to serve patients in the future.

Sustainability issues are not included in our analysis of risks facing our demised organisation. NHS organisations have a statutory duty to assess the risks posed by climate change. Risk assessment, including the quantification and prioritisation of risk, is an important part of managing complex organisations.

There is no Board level lead for Sustainability. Sustainability issues, such as carbon reduction, are not currently included in the job descriptions of all staff. However, our staff energy awareness campaign has been on-going. Staff awareness campaigns have been shown to deliver cost savings and associated reductions in carbon emissions.

Our organisation has a Sustainable Transport Plan

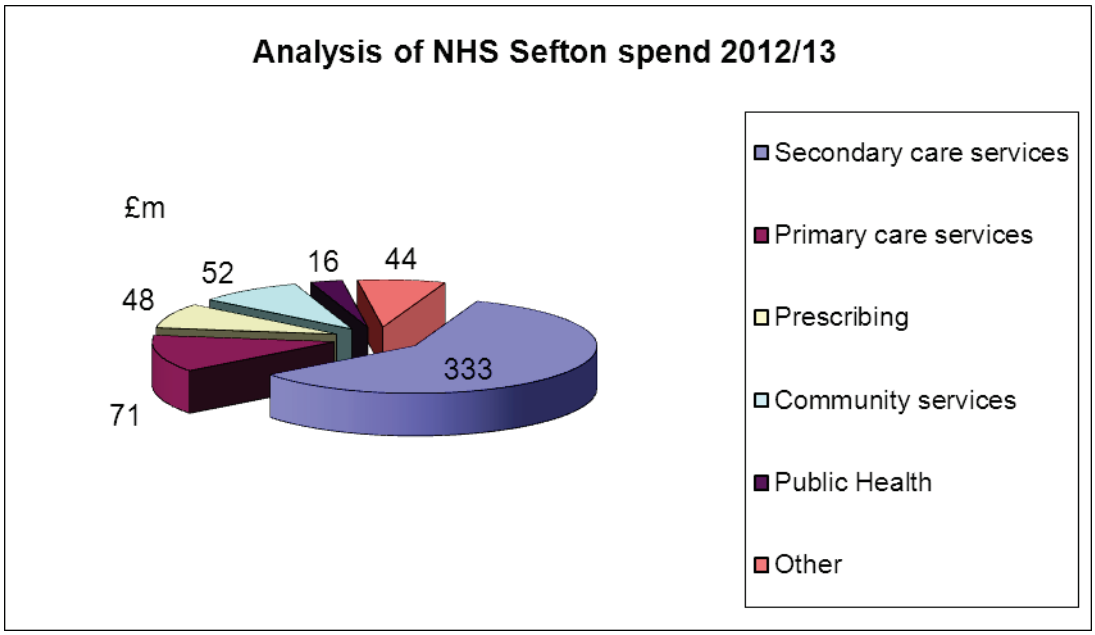
The NHS places a substantial burden on the transport infrastructure, whether through patient, clinician or other business activity. This generates an impact on air quality and greenhouse gas emissions. It is therefore important that we consider what steps are appropriate to reduce or change travel patterns through the Sustainable Transport Plan.

Providing value

We have achieved all of our statutory duties in relation to the management of our finances during the year. In 2012-13 the money we received from the government to provide and buy services, or our 'revenue resource limit', was £552m. This is an increase on 2011-12 of £9m or 1.66%. We also received additional income of £15.3m from a number of other sources.

How we spent our money in 2012-13

We spent £564m on achieving our objectives through the purchase and delivery of a variety of services.



The majority of our budget, £333m, was spent buying services from our main local hospitals, as well as many others around Cheshire, Merseyside and beyond. We also spent £119m on primary care, such as GPs and dentists, and the prescribing of drugs in the community. Significant investments were also made in community care (£52m) and public health (£16m) with the balance being made up of other items of spend such as corporate costs and buildings.

In 2012/13, NHS Merseyside (a cluster comprising Halton & St Helens, Knowsley, Liverpool and Sefton PCTs) established a Cluster Strategic Reserve to promote system transformation and support efficiency improvement across the Merseyside Health economy.

The fund was made up of a 2% non-recurrent top-slice from PCT allocations slippage on the implementation of investment plans (£7.8m) and unused contingency provisions (£10.8m). Total resources amounted to £72.6m and the fund was fully utilised during the year. All NHS providers on Merseyside submitted bids and successfully accessed resources together with a number of voluntary organisations.

Sefton PCT's contribution to the fund was £13.8m.

Like all PCT's within the Merseyside Cluster action was taken to deliver the commissioning plans developed across Merseyside which included a major expansion in rehabilitation services on the Aintree, Broadgreen and St Helens Hospital sites. The delegation of budget responsibility to Southport and Formby CCG and South Sefton CCG allowed them to take forward their local commissioning plans.

Secondary care and community care

A significant proportion of our overall budget, £385m, was spent purchasing a wide range of hospital and community services from healthcare providers. £252m was spent on general and acute healthcare. Mental health and learning disabilities accounted for £44m spend and we continued to support investments in community services to a value of £52m. We spent £26m on Accident and Emergency and £8m on maternity services.

Primary Care

We spent £119m commissioning primary healthcare, of which £48m was spent prescribing drugs in the community. Throughout the year our Medicines Management Team has been actively supporting GPs and other prescribers to ensure that all prescribed medicines are effective, safe and provide best value.

The remaining £71m was spent on a range of other primary care services that are mainly provided by independent contractors including GPs, dentists, pharmacists and optometrists.

Staffing costs

We employed 202 (whole time equivalent) staff in 2012-13 costing £12.1m. This compares to 211 (whole time equivalent) staff in 2011-12 costing £13.1m.

Pension liabilities

Accounting treatment for pensions costs and liabilities is outlined in note 7.5 to of the Annual Accounts.

Areas of investment

Throughout 2012-13 we earmarked resources to improve health outcomes and reduce inequalities. This funding addressed a variety of public health schemes to support programmes to address long term health conditions, access to services and engagement with the public. In primary care, we continued to invest in clinical commissioning group initiatives and schemes to improve people's access to services.

Capital projects

We continue to invest in our infrastructure investing £0.4m on capital projects in 2012-13. This investment enabled the PCT to maintain the standard of its premises and to provide a safer environment in its Health Centres.

Various properties owned or leased by the PCT were deemed to be impaired due to changes in market value. The impairment was charged against the revaluation reserve to the extent that the specific property had a credit balance in the revaluation reserve. Charges to the Operating Cost Statement in 2012-13 relating to the impairment of properties totalled £0.4 million (2011-12 £1.2 million).

Our financial duties

The PCT has a statutory duty to maintain spending within its 'resource limit', or total budget. For the financial year 2012-13, this is referred to as 'achieving operational financial balance'. There are three separate limits that we are measured against - revenue, cash and capital.

Revenue Resource Limits	To ensure spending on revenue is kept within the funded level.
Cash Limit	To ensure that we do not spend any more cash than we have been given.
Capital Resource Limit	To ensure spending on capital is kept within the funded level.
Better Payments Practice Code (BPPC)	To achieve 95% compliance with the BPPC

In 2012-13 we met all three financial limit requirements and we reported:

- A £2.6m underspend (surplus) against our revenue budget (resource limit)
- The PCT spent £546m in cash against a cash limit of £546m
- The PCT spent £0.4m against its capital budget (resource limit) of £0.4m

Better Payments Practice Code

The PCT did not meet the required target of 95% compliance with 79.24% achieved for value of non NHS trade invoices (73.55% for number of invoices), and 95.75% achievement for value of NHS trade invoices (79.31% for number of invoices).

Prompt Payment Code

The PCT signed up to the Prompt Payment Code (PPC) in June 2009. The PPC is a payment initiative developed in 2009 by Government with the Institute of Credit Management "to tackle the crucial issue of late payment and help small businesses." Details of the code can be found at www.promptpaymentcode.org.uk

Going Concern Basis

Under the provisions of The Health and Social Care Act 2012 (Commencement No.4. Transitional, Savings and Transitory Provisions) Order 2013, the PCT was dissolved on 1st April 2013. The PCT's functions, assets and liabilities transferred to other

public sector entities as of 1 April 2013. 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 Statement of Financial Position (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.

External Auditors

Our external auditor is PwC. The cost of its external audit services in 2012-13 was £125,077 including VAT.

Directors' disclosure of information to Auditors

So far as each person serving as a director of the PCT at the date this report is approved is aware, there is no relevant audit information of which our auditors are unaware. Each director hereby confirms that they have taken all the steps that they ought to have in order to make themselves aware of any relevant audit information and to establish that our auditors are aware of that information.

Register of declared interests

A register of declared interests has been maintained by the PCT and is available for inspection on application to Clare Duggan, Area Team Director (Merseyside). Details of senior manager interests and personal relationships with outside bodies that have conducted business directly with the PCT during the year are set out in note 37 of the annual accounts which are included in this report.

Looking forward

In 2012-2013 we continued to focus on ensuring the principles of quality and productivity applied to our financial transactions to ensure we procured the best value health services for our local population. In doing this, we also supported our successor organisations in adopting these values and practices for the future.

Our financial plans supported the delivery of existing strategic plan commitments to improve against health inequalities targets locally. This investment is grounded in sensible, deliverable levels of funding locally and is not over reliant on reducing funding elsewhere within the system.

In our final year we worked as part of NHS Merseyside with Clinical Commissioning Groups and key partners to develop future cash releasing strategies locally whilst sustaining and improving the quality of existing services. This may be characterised by care closer to home, fewer acute beds, reduced unit costs, reduced variation, standardisation of pathways and more upstream interventions.

Remuneration report

Senior Managers' salaries and allowances

			2012-13					2011-12			
Senior Manager	**Notes**	**Title**	**Salary (bands of £5000)**	**Other Remuneration (bands of £5000)**	**Bonus payments (bands of £5000)**	**Compensation for loss of office (bands of £5,000)**	**Benefits in Kind (rounded to nearest £00)**	**Salary (£'000)**	**Other Remuneration (bands of £5000)**	**Bonus payments (bands of £5000)**	**Benefits in Kind (rounded to nearest £00)**
Gideon Ben Tovim, OBE	1	Chair	5-10	-	-	-	-	0-5	-	-	-
Professor Maureen Williams	1	Non Executive Director	0-5	-	-	-	-	0-5	-	-	-
Paul Acres	1	Non Executive Director	5-10	-	-	-	-	35-40	-	-	-
Keith Cawdron	1	Non Executive Director	0-5	-	-	-	-	5-10	-	-	-
Graham Wright	1	Non Executive Director	5-10	-	-	-	-	0-5	-	-	-
David Merrill	1	Non Executive Director	0-5	-	-	-	-	0-5	-	-	-
Jim Wilson	1	Non Executive Director	5-10	-	-	-	-	0-5	-	-	-
Peter Hinton	1	Non Executive Director	0-5	-	-	-	-	0-5	-	-	-

			2012-13					2011-12			
Senior Manager	**Notes**	**Title**	**Salary (bands of £5000)**	**Other Remuneration (bands of £5000)**	**Bonus payments (bands of £5000)**	**Compensation for loss of office (bands of £5,000)**	**Benefits in Kind (rounded to nearest £00)**	**Salary (£'000)**	**Other Remuneration (bands of £5000)**	**Bonus payments (bands of £5000)**	**Benefits in Kind (rounded to nearest £00)**
Derek Campbell	1,2	Chief Executive	30-35	-	-	60-65	10	25-30	-	-	**9**
Phil Wadeson	1,3	Director of Finance	20-25	-	-	-	-	20-25	-	-	
Trish Bennett	1,4	Director of Nursing	15-20	-	-	-	10	15-20	-	-	**11**
Clare Duggan	1,5	Accountable Officer	25-30	-	-	-	16	15-20	-	-	-
Dr Stephen Cox	1,6	Medical Director	5-10	-	-	-	-	15-20	0-5	-	-
Dr Kieran Murphy	1,7	Acting Medical Director	0-5	-	-	-	-	30-35	-	-	-
Dr John Hussey	1,8	Acting Medical Director	5-10	-	-	-	-	-	-	-	-
Jane Raven	1,2	Director of OD and HR	15-20	-	-	35-40	-	15-20	-	-	**1**
Janet Atherton		Director of Public Health	125-130	-	-	-	-	90-95	-	-	-
Frances Street	9	Acting Chair	-	-	-	-	-	0	-	-	-
Paul Cummins	9	Lay Advisor	-	-	-	-	-	5-10	-	-	-
Paul Ferguson	9	Lay Advisor	-	-	-	-	-	5-10	-	-	-

			2012-13					2011-12			
Senior Manager	**Notes**	**Title**	**Salary (bands of £5000)**	**Other Remuneration (bands of £5000)**	**Bonus payments (bands of £5000)**	**Compensation for loss of office (bands of £5,000)**	**Benefits in Kind (rounded to nearest £00)**	**Salary (£'000)**	**Other Remuneration (bands of £5000)**	**Bonus payments (bands of £5000)**	**Benefits in Kind (rounded to nearest £00)**
Simran Soin	9	Lay Advisor	-	-	-	-	-	10-15	-	-	-
Helen Nichols	9	Lay Advisor	-	-	-	-	-	5-10	-	-	-
Roger Pontefract	9	Lay Advisor	-	-	-	-	-	5-10	-	-	-
Deborah Shackleton	9	Lay Advisor	-	-	-	-	-	5-10	-	-	-
Anita Marsland	9	Acting CEO	-	-	-	-	-	0	-	-	-
Hannah Chellaswamy	9	Acting Director of Public Health	-	-	-	-	-	15-20	-	-	-
Tom Jackson	9	Locality Director of Finance	-	-	-	-	-	45-50	-	-	-
Deborah Jones	9	Director of Strategy and Service Development	-	-	-	-	-	95-100	-	-	-
Marie Rice	9	Managing Director	-	-	-	-	-	75-80	-	-	-
Alison Shaw	9	Director of Provider Services	-	-	-	-	-	0	-	-	-
Jean Massam	9	Children's Trust Director	-	-	-	-	-	0	-	-	-
Barbara Strong	9	Assistant Chief Executive	-	-	-	-	-	65-70	-	-	-
Fiona Clark	9	Director of Corporate Performance and Standards	-	-	-	-	-	80-85	-	-	-

			2012-13					2011-12			
Senior Manager	**Notes**	**Title**	**Salary (bands of £5000)**	**Other Remuneration (bands of £5000)**	**Bonus payments (bands of £5000)**	**Compensation for loss of office (bands of £5,000)**	**Benefits in Kind (rounded to nearest £00)**	**Salary (£'000)**	**Other Remuneration (bands of £5000)**	**Bonus payments (bands of £5000)**	**Benefits in Kind (rounded to nearest £00)**
J Hughes	9	Cluster Director of Commissioning Development	-	-	-	-	-	15-20	-	-	-
Niall Leonard	9	CEC	-	-	-	-	-	0	-	-	-
Tracey Douglas	9	CEC	-	-	-	-	-	5-10	-	-	-
Julie Lloyd	9	CEC	-	-	-	-	-	5-10	-	-	-
Jill Thomas	9	CEC	-	-	-	-	-	5-10	-	-	-
Alison Newman	9	CEC	-	-	-	-	-	5-10	-	-	-
Denise Dutton	9	CEC	-	-	-	-	-	0	-	-	-
Lesley Knowlson	9	CEC	-	-	-	-	-	5-10	-	-	-

Notes:

Benefits in kind are in respect of lease vehicles and are shown in £ hundreds

1 Sefton PCT is party to the NHS Merseyside cluster arrangements with Knowsley PCT, Halton and St Helens PCT and Liverpool PCT. Each of the PCTs contributes to a share of the costs of the clustering arrangements based on the size of each PCT's weighted population as follows:

PCT	Weighted Population	%
Liverpool	576,471	40.14
Halton and St Helens	360,186	25.08
Sefton	303,497	21.13
Knowsley	196,069	13.65

The salary costs for these individuals represents Sefton PCT's share of their salary in respect of their work carried out for the NHS Merseyside Cluster.

2 Derek Campbell and Jane Raven were made redundant on 31 March 2013. The costs included above represent Sefton PCT's share of their redundancy costs. The total amounts paid in respect of the redundancy entitlements were £295,714 to Derek Campbell and £179,588 to Jane Raven.

3 Phil Wadeson was appointed as the joint Director of Finance for the Mersey Cluster and the Cheshire, Warrington and Wirral (CWW) Cluster for the period 1 September 2012 to 10 January 2013 and continued to support the CWW cluster to the end of January 2013. The Mersey Cluster has not recharged his salary costs for this period to the CWW Cluster. The salary figure in the above table represents the proportion of salary for his work at the NHS Merseyside Cluster alone and has been adjusted to reflect the remuneration cost had his salary been recharged. The proportion of his total salary which is attributable to the CWW Cluster is set out in the Remuneration Reports of the PCTs in the CWW Cluster.

4 Trish Bennett was appointed as the Director of Nursing to the Greater Manchester (GM) Local Area Team on 1 October 2012. The Mersey Cluster have not recharged her salary costs for this period to the GM Cluster. The salary figure in the above table represents the proportion of salary for her work at the NHS Merseyside Cluster alone and has been adjusted to reflect the remuneration cost had her salary been recharged. The PCTs in the GM Cluster have not included any salary or benefits in kind relating to Trish Bennett in their Remuneration Reports.
Clare Duggan was appointed as the Accountable Officer for the Cluster on 1 October 2012. Prior to this she was the Director of Strategic Change.

5 Dr Steve Cox was the Medical Director 1 April to 31 August 2012. The payments above for Dr Cox have been made to the GP practice where he is a partner rather than to Dr Cox directly through the payroll.

6 Dr Keiron Murphy was appointed the Acting Medical Director from 1September to 30 September 2012.

7 Dr John Hussey was appointed as the Medical Director to the Merseyside Local Area Team on 1 October 2012. Following his appointment to the Local Area Team, Dr Hussey became the Acting Medical Director for the Mersey Cluster. He was not a senior manager for Sefton PCT in 2011/12 so no comparatives are shown.

8 No details relating to 2012/13 have been included for these individuals as they no longer meet the definition of a senior manager.

For any shared posts, the total remuneration of those senior managers for 2012-2013 and the prior year is as follows:

		2012-2013			2011-2012		
Name	**Title**	**Salary (bands of £5000)**	**Compensation for loss of office (bands of £5,000)**	**Benefits in Kind (rounded to nearest £00)**	**Salary (bands of £5000)**	**Other remuneration(bands of £5000)**	**Benefits in Kind (rounded to nearest £00)**
Gideon Ben Tovim, OBE	Chair	40-45	-	-	35-40	-	-
Professor Maureen Williams	Non Executive Director	5-10	-	-	5-10	-	-
Paul Acres	Non Executive Director	35-40	-	-	35-40	-	-
Keith Cawdron	Non Executive Director	5-10	-	-	5-10	-	-
Graham Wright	Non Executive Director	30-35	-	-	20-25	-	-
David Merrill	Non Executive Director	10-15	-	-	10-15	-	-
Jim Wilson	Non Executive Director	35-40	-	-	35-40	-	-
Peter Hinton	Non Executive Director	5-10	-	-	5-10	-	-
Derek Campbell	Chief Executive	150-155	295-300	49	150-155	-	**54**
Phil Wadeson	Director of Finance	125-130	-	-	110-115	-	-
Trish Bennett	Director of Nursing	110-115	-	64	95-100	-	**60**
Clare Duggan	Accountable Officer	125-130	-	77	95-100	-	-
Dr Stephen Cox	Medical Director	40-45	-	-	95-100	5-10	-
Dr Kieran Murphy	Acting Medical Director	30-35	-	-	30-35	-	-
Dr John Hussey	Acting Medical Director	50-55	-	-	-	-	-
Jane Raven	**Director of OD and HR**	**90-95**	**175-180**	-	**85-90**	-	**3**

Pension Entitlements of Senior Managers as at 31st March 2013

Senior Manager	Title	A	B	C	D	E	F	G	H
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Derek Campbell	Chief Executive	-	-	-	-	-	-	-	**0**
Phil Wadeson	Director of Finance	2.5-5	12.5-15	55-60	165-170	1,240	1,048	138	**0**
Trish Bennett	Director of Nursing	0-2.5	0-2.5	20-25	65-70	388	356	13	**0**
Clare Duggan	Accountable Officer	(0-2.5)	0	0-5	0	48	45	1	**0**
Dr John Hussey	Acting Medical Director	0-2.5	5-7.5	65-70	195-200	1,403	1,166	88	**0**
Jane Raven	Director of OD and HR	0-2.5	2.5-5	10-15	30-35	201	169	23	**0**
Janet Atherton	**Director of Public Health**	**(0-2.5)**	**(2.5-5)**	**35-40**	**115-120**	**688**	**658**	**(4)**	**0**

A = Real increase/(decrease) in pension at age 60 (bands of £2,500)
B = Real increase/(decrease) lump sum at age 60 (bands of £2,500)
C = Total accrued pension age 60 at 31st March 2013 (bands of £5,000)
D = Lump sum at age 60 related to accrued pension at 31st March 2013(bands of £5,000)
E = Cash Equivalent Transfer Value (CETV) at 31st March 2013
F = CETV at 31st March 2012
G = Real increase / (decrease) in CETV
H = Employer contribution to stakeholder pension

Notes:

The pension information above is the total pension entitlement for each Director and the value has not been split across other organisations
The movements in accrued pension and CETV have been adjusted where the Director has not been in post as a senior manager for the entire year.
Derek Campbell, Chief Executive, did not contribute into the NHS Pension Scheme in 2012-13
Only senior managers who are members of the standard NHS Pension scheme are included (Dr Stephen Cox and Dr Kieran Murphy are therefore excluded).
As non-executives do not receive pensionable remuneration there are no entries in respect of pensions for non-executive members.

Notes to the Remuneration Report

Cash Equivalent Transfer Value (CETV)

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

Real Increase/Decrease in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Treatment of pension liabilities in the PCT accounts.

NHS Pension Scheme: Note 7.5 to the Accounts gives details of the current NHS Pension Scheme arrangements and the accounting policy adopted in respect of pension liabilities.

Director – Highest Paid Ratio

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director of Sefton PCT in the financial year 2012-2013 was £125,000 - £130,000 (2011-2012; £95,000 – £100,000). This was 3.6 times (2011-2012; 3 times) the median remuneration of the workforce, which was £35,184 (2011-2012; £30,460).

This calculation is based on full time equivalent employees in post at 31 March 2013 and includes staff who are being paid through the payroll system only. The calculation excludes agency workers who are not on the payroll system. The median remuneration is the total remuneration of the staff member lying in the middle of the linear distribution of the total staff, excluding the highest paid director. A median will not be significantly affected by large or small salaries that may skew an average (mean) – hence it is more transparent in highlighting whether a director is being paid significantly more than the middle staff in the organisation.

In 2012-2013; 2 (2011-2012; 7) employees received remuneration in excess of the highest-paid director. Remuneration for these individuals ranged from £125,000 to £160,000 (2011-12; £100,000 to £135,000)

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

Only the relevant cost to the PCT of the Cluster Directors has been included in the calculation of median pay.

The ratio has increased due to a change in the most highly paid director. The highest paid director received allowances in 2012-2013 which were not paid in 2011-2012 resulting in higher remuneration for that individual and making them the highest paid director.

Due to the impending demise of the PCT at 31 March 2013, the size and structure of the workforce has changed between years. This has caused the median remuneration to increase between the years.

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.....C Duggan.....Designated Signing Officer

Name: CLARE DUGGAN

Date: 6/6/2013.

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.

6.6.13 Date ..... Signing Officer

6.6.13 Date ..... Finance Signing Officer

Annual Governance Statement 2012-2013

Scope of responsibility

The Board is accountable for internal control. As Accountable Officer 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[2].

I am personally accountable to the Chief Executive of the NHS Northwest Strategic Health Authority which is part of the North of England Strategic Health Authority Cluster and attend regular review meetings. I also attend regular meetings with counterparts in partner organisations.

The governance framework of NHS Sefton

The governance arrangements for NHS Sefton have been in place since April 2012.

The NHS Merseyside Board is a sub-committee of Liverpool PCT, Halton and St Helens PCT, Knowsley PCT and Sefton PCT. The Cluster Board is established in accordance with Regulation 10 of the National Health Service (Functions of Strategic Health Authorities and Primary Care Trusts and Administrative Arrangements) (England) Regulations 2002, as amended (the "Regulations").

The Board comprises a diverse range of skills from Executive and Non-Executive Directors and there is a clear division of responsibility between running the board and running the PCTs business. The Chair is responsible for the leadership of the Board and ensures that Executives have had access to relevant information to assist them in the delivery of their duties. The NEDs have actively provided scrutiny and challenge at Board and sub-committee level. Each committee comprises membership and representation from appropriate officers and NEDs with sufficient experience and knowledge to support the committees in discharging their duties.

The Board has been well attended by all Executives and NEDs throughout the year ensuring that the Board has been able to make fully informed decisions to support and deliver the strategic objectives.

The Board's objectives are aligned to the objectives set out in the Shared Operating Model for PCT Clusters[3]. These are managed through the Board Assurance Framework process. The Board has been assured of its effectiveness in respect of delivering is objectives through this process which is supported by the Joint Integrated Governance Committee.

The Board is assured of its effectiveness in terms of performance management through the regular corporate performance reports on finance, reform and quality key performance indicators as set out in national guidance. Throughout the year performance has continued to be maintained or improved which represents a significant achievement.

The Board is supported by a sub-committee structure comprising the statutory committees listed below.

[2] Accountable Officer Memorandum for Chief Executives (2002)
[3] Department of Health (2011) *Shared Operating Model for PCT Clusters* (London :TSO) at pg 4 paras 9, 10 and 11

Joint Integrated Governance Committee (JIGC):

This committee has delegated responsibility for identifying, reviewing and developing mitigation plans against any risks that arise as a consequence of the transition. The committee also reviews and scrutinises the Board Assurance Framework and Corporate Risk Register prior to any review by the Cluster Board. This committee reports to the NHS Merseyside Board on the development, implementation and monitoring of integrated governance by providing assurance on: "the systems and processes by which the PCT leads, directs and controls its functions in order to achieve organisational objectives, safety, and quality of services, and in which they relate to the wider community and partner organisations.

The committee has delegated responsibility for the approval of corporate policy and during the year has received updates and requests for approvals on the key following policies and processes

- Information Governance
- Serious Untoward Incidents
- Adult and Children Safeguarding
- Risk Management
- Board Assurance Framework for NHS Sefton

The committee also reviewed and scrutinised the following:

- Transitional Risk Register
- Quality Handover Document
- PCT Transfer Scheme processes

This Committee was established in accordance with best practice and the recommendations of the Integrated Governance Handbook.[4] The committee comprises Executive Directors, NEDs, Internal Audit and governance and risk officers to ensure that the committee is appropriately skilled and resourced to deliver its objectives.

The JIGC has been well attended by all Executives, NEDs and Officers throughout the year ensuring that there has been robust scrutiny and challenge at all times. This has enabled the JIGC to provide robust assurances to the Board and to inform the Board of key risk areas.

During the year the committee debated and agreed how risks would be escalated through services across the Cluster up to the Corporate Risk Register and BAF. The Committee debated and agreed this revised cluster wide methodology.

Key highlights:

During the year the JIGC:

- Provided assurance to the Board on the objectives and controls with the Board Assurance Framework and Corporate Risk Register.
- Provided assurance on the NHS Sefton Board Assurance Framework
- Provided assurance of compliance with the Information Governance Toolkit (68%).
- Received and reviewed progress on the Transition
- Reviewed the Quality Handover Document

[4] Department of Health (2006) *Integrated Governance Handbook – a handbook for executives and non-executives in healthcare organisations* (London: TSO)

The committee is supported by a Risk Management Sub Group, Information Governance Sub Group and Quality Improvement and Patient Safety sub group.

Audit Committee

The Audit Committee ensures compliance with statutory requirements and provides assurance to the NHS Merseyside Board on internal control and governance matters. The Audit Committee also provides an independent and objective review on the NHS Merseyside and local PCT financial systems, financial information and compliance with laws, guidance, and regulations governing the NHS.

The Committee has also received, reviewed and approved:

- Internal Audit reports and approved the internal audit plan
- External Audits reports and approved the external audit plan
- Counter Fraud Update and approved the Counter Fraud work plan
- Register of Interests
- Waivers
- Debtors
- Losses and Special Payments

The Audit Committee received reports to ensure that actions arising from audit reviews of key processes had been implemented or carried forward to be scrutinised by the Audit Committee.

Key highlights: During the year the Audit Committee:

- Provided significant assurance on incident reporting procedures
- Provided significant assurance on budgetary controls
- Provided assurances on the Transfer Scheme process
- Provided assurances on the Risk Management processes
- Provided assurances on independent contractor payment processes

The Audit Committee has been well attended by all NEDs, Internal Auditors, External Auditors and Officers throughout the year ensuring that there has been robust scrutiny at all times. This has enabled the Audit Committee to provide robust assurances to the Board and to inform the Board of any gaps in systems control.

Remuneration Committee:

The committee ensures compliance with statutory requirements and undertook reviews of Very Senior Managers remuneration and to comply with the requirements set out in the NHS Codes of Conduct and Accountability and the Higgs report.[5] The Committee reviews and agrees appraisal and remuneration of executives: During the year the committee has reviewed a number of cases relating to redundancy.

The Remuneration Committee met in full quorum for all meetings during the year.

The Board also has committees with responsibility for Human Resources and Organisation Development and Equality and Diversity.

[5] D, Higgs (January 2003) *Review of the Role and Effectiveness of non-executive directors* section 13.8 at page 61 – available at http://www.berr.gov.uk/files/file23012.pdf

Clinical Commissioning Group Sub Committees

The Board established six clinical commissioning sub committees that have evolved to become the Governing Bodies of CCGs. During 2012/13 these committees operated under robust Terms of Reference and Scheme of Delegation. The PCT Chief Executive established an Accountability Meeting with each CCG designated Accountable Officer and these meetings ran throughout the year.

Handover and Closedown

The Cluster Board established a Closedown Steering Group that was responsible for overseeing the programme of work to ensure the safe and effective handover of assets, liabilities and responsibilities to the successor organisations. To ensure that there was sufficient resource and capacity in the system to deliver the programme additional support was procured from Mersey Internal Audit Agency and from Hill Dickinson Solicitors.

The Group delivered the Transfer Scheme programme for all the PCTs complying with all Department of Health deadlines and ensuring there was on-going engagement and dialogue with all successor bodies. The Group provided regular updates to Audit Committee, Joint Integrated Governance Committee and the Board on a regular basis.

The Audit Committee received assurances in respect of the Closedown of the annual accounts.

The Board nominated three Non-Executive Directors that will be retained to support the new Audit Committee arrangements that have been established as sub committees of the Department of Health's Audit and Risk Committee.

NHS Sefton agreed Retention and Exit Terms (RETS) packages for staff that would be retained with the Legacy Management Team hub to provide support to the close down programme.

Transition Assurance – NHS Sefton provided monthly updates on progress with the Transition to the SHA and the Department of Health.

The Board received an update on progress with the Transition that covered all parts of the reforms at each public meeting.

The Joint Integrated Governance Committee received updates on progress with the Transition.

As part of the handover process the successor bodies were advised of any on-going risks that will require continued review through the following processes.

- **Quality Handover** – NHS Sefton provided information that was included in the NHS Merseyside Quality Legacy Document was signed off by the Board in January 2013 and the programme of quality handover to the CCGs concluded on 31st March 2013. The Quality Legacy Document was scrutinised by the Joint Integrated Governance Committee prior to submission to the Board.

- **Corporate Handover** – NHS Sefton provided information that was included in the NHS Merseyside Corporate Handover document. This document provides a summary of key factors relevant to all new bodies and provided sign posts to other key documents. This also included a summary of key risks.

- **Public Health Legacy Document** – NHS Sefton produced a Public Health Legacy Document for the relevant Local Authority.

Risk Assessment

NHS Sefton has a comprehensive Risk Management Strategy, which is updated at regular intervals. The following key elements are contained within the Strategy:

- Risk Management Strategy, Aims and Objectives
- Roles, Responsibilities and Accountability
- The Risk Management Process – Risk Identification, Risk Assessment, Risk Treatment, Monitoring and Review, Risk Prevention
- Risk Grading – Criteria
- Training & Support

NHS Sefton has established a number of mechanisms for identifying and managing risks including risk profiling methodology, incident reporting, complaints and litigation data, and staff concerns/whistle-blowing.

Risk management and the ensuing development of risk registers is generally achieved using a dual 'top-down' and 'bottom-up' approach to identifying and managing risks. The 'top-down' element has been addressed through the development of a Board Assurance Framework and Corporate Risk Register identifying strategic high-level risks. These two documents are based on models which have previously been accepted as meeting audit requirements.

The 'bottom-up' element of the risk management system best fits with organisational structures and this has therefore been based on the directorate arrangements and subsequently on the NHS Merseyside director portfolios and integrated teams. All functional leads have identified their arrangements for developing and reviewing risk registers and escalating risks.

In addition to risk registers being developed and reviewed at team and directorate level, there is an escalation process to the Corporate Risk Register. The Corporate Risk Register is centrally managed and maintained, and is reviewed at Joint Integrated Governance Committee and the Trust Board. Directorate risk registers are also collated centrally to ensure a comprehensive system is in place, and are periodically reviewed by the Risk Management Working group and/or the Joint Integrated Governance Committee. All risk registers use the same risk scoring matrices to ensure consistency in describing risks across the organisation; these matrices are based on the NPSA matrices but have been customised for local use to reflect the trust's tolerance to risk.

The Corporate Risk Register is structured to reflect key domains, e.g. Quality & Safety, Finance, Human Resources, Performance and Delivering Reform.

Key new risks identified during 2012/13 are those associated with the organisational changes necessary as part of the transition to the new commissioning arrangements. A programme approach was taken to managing these risks, with project plans and risk registers developed for the different workstreams, and an overarching transition programme board which reviewed progress using a risk-based exception reporting format. Throughout the year issues have been reported operationally to the executive team and governance oversight provided by the Joint Integrated Governance Committee and Board.

NHS Sefton has put in place policies, procedures, guidance and support to ensure that personal and corporate information is handled legally, securely, efficiently and effectively, in order to deliver high quality services. Performance is monitored through the completion of the annual Information Governance (IG) Toolkit return and reports to the Information Governance Working Group and Joint Integrated Governance committee.

Controls include:

- Mandatory induction and refresher IG training for all staff
- Identifying the movement of personal data and assessing associated risks, and minimising where possible
- Ensuring the encryption of all confidential data stored on portable devices
- Reporting, investigation and escalation of all information governance incidents

Risk & Control Framework

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

- identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives,
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Risk Management agenda is coordinated and managed by the Joint Integrated Governance Committee as previously described.

The Board has developed the strategic objectives, and the evaluation of the risks to achieving these objectives are set out in the Board Assurance Framework which is regularly reviewed and scrutinised by the Joint Integrated Governance Committee and the Trust Board.

The Board Assurance Framework is a key document whose purpose is to provide the Board with 'reasonable' assurance that internal systems are functioning effectively. It is a high level document that is used to inform and give assurance to the Board that the risks to achieving key objectives are recognised and that controls are in place or being developed to manage these risks.

Risks are rated, and controls that will address these risks are identified, gaps in control or assurance are noted and action plans to close gaps summarised and updated. Potential and actual sources of assurance are identified and the latter are also rated for the level of assurance provided. A summary of the assurance levels for all assurance framework entries is updated each quarter and accompanies the full document.

The Corporate Risk Register provides the Board with a summary of the principal risks facing the organisation, with a summary of the actions needed and being taken to reduce these risks to an acceptable level. The information contained in the Corporate Risk Register should be sufficient to allow the Board to be involved in prioritising and managing major risks. The risks described in the Corporate Risk Register will be more wide-ranging than those in the Board Assurance Framework, covering a number of domains.

Where risks to achieving organisational objectives are identified in the Corporate Risk Register or other risk registers, these are added to the Board Assurance Framework; and where gaps in control are identified in the Board Assurance Framework, these risks are added to the Corporate Risk Register. The two documents thus work together to provide the Board with assurance and action plans on risk management in the organisation.

The Corporate Risk Register is updated and presented for review and scrutiny at the same time as the Board Assurance framework.

The PCT commissions a range of training programmes which include specific mandatory training for particular staff groups which aims to minimise the risks inherent in their daily work. Information Governance training is mandatory for all staff.

Targeted training is provided to designated risk leads to support development of risk registers, and one to one sessions are available for all managers responsible for updating the Board Assurance Framework.

The Head of Audit issues an annual opinion to the Board on the effectiveness of the Assurance Framework in providing the Board with the assurances regarding its systems of internal control. The Head of Internal Audit Opinion was that

The Head of Audit's opinion on the Assurance Framework determined that. A Consolidated Cluster Assurance Framework has been established which is designed and operating to meet the requirements of the Annual Governance Statement and provide reasonable assurance that there is an effective system of internal control to manage the principal risks identified by the organisation.

Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work; The Head of Audit Opinion is that **Significant Assurance** can be given that that there is a generally sound system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weaknesses in the design or inconsistent application of controls put the achievement of particular objective at risk.

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

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, Audit Committee and the Joint Integrated Governance Committee.

The Board receives the minutes of all committees including the Audit Committee and the Joint Integrated Governance Committee

The Joint Integrated Governance Committee approves relevant policies and the Audit Committee monitors action plans arising from Internal Audit reviews.

Internal Audit is a key component of internal control. The Audit Committee approves the annual internal audit plan, and progress against this plan is reported to each meeting of the Committee. The individual reviews carried out throughout the year assist the Director of Audit to form his opinion, which in turn feeds the assurance process.

My review confirms that NHS Sefton has a generally sound system of internal control that supports the achievement of its policies, aims and objectives and the Board has complied with the Corporate Governance Code.

6.6.13 Date ..... Signing Officer

6.6.13 Date ..... Finance Signing Officer

Annual accounts 2012-13

The following pages (appendix) contain our full financial accounts for 2012-13. It highlights some key financial information for the year and offers comparisons with figures for 2011-12.

- Our performance against our statutory duty to break even is summarised on page 18
- The external auditor's opinion as to whether the summary financial statements are consistent with the annual accounts and can be found on page 40.

Independent auditor's statement

Independent Auditors' Report to the officer responsible for preparing the accounts of Sefton Primary Care Trust

We have audited the financial statements of Sefton Primary Care Trust ("the PCT") for the year ended 31 March 2013 which 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 the accounting policies directed by the Secretary of State for Health with the consent of the Treasury as relevant to the National Health Service in England set out therein.

Respective responsibilities of the officer responsible for preparing the accounts and auditors

As explained more fully in the Statement of the Responsibilities of the Signing Officer set out on page 29 the officer responsible for preparing the accounts is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with accounting policies directed by the Secretary of State, with the consent of the Treasury, as being relevant to the National Health Service in England. Our responsibility is to audit and express an opinion on the financial statements in accordance with Part II of the Audit Commission Act 1998, the Code of Audit Practice 2010 for local NHS bodies issued by the Audit Commission and International Standards on Auditing (ISAs) (UK and Ireland).Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the officer responsible for preparing the accounts of Sefton Primary Care Trust in accordance with Part II of the Audit Commission Act 1998 as set out in paragraph 45 of the Statement of Responsibilities of Auditors and of Audited Bodies (Local NHS Bodies) published by the Audit Commission in March 2010 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 PCT's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the PCT; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the PCT's affairs as at 31 March 2013 and of its net operating costs for the year then ended; and

- have been properly prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as being relevant to the National Health Service in England.

Opinion on other matters prescribed by the Code of Audit Practice
In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the requirements directed by the Secretary of State with the consent of the Treasury as being relevant to the National Health Service in England;

- 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; 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 are required to report by exception
We have nothing to report in respect of the following matters where the Code of Audit Practice issued by the Audit Commission requires us to report to you if:

- in our opinion, the Governance Statement does not comply with the Department of Health's requirements set out in "2012/13 Governance Statements – Guidance " issued on 31 January 2013 or is misleading or inconsistent with information of which we are aware from our audit; or

- we refer a matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because the PCT, or an officer of the PCT, 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.

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

Respective responsibilities of the PCT and auditors
The PCT is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the PCT has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the PCT has put in place proper arrangements for securing economy, efficiency and

effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the PCT's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the arrangements for securing economy, efficiency and effectiveness in the use of resources

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

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

- our review of the Governance Statement;
- the work of other relevant regulatory bodies or inspectorates, to the extent that the results of this work impact on our responsibilities at the PCT; and
- our locally determined risk-based work included reviewing the governance arrangements, financial management, asset and information management and workforce management.

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 Sefton Primary Care Trustin accordance with the requirements of Part II of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Peter Chambers, Engagement Lead

For and on behalf of PricewaterhouseCoopers LLP
Appointed Auditors
Manchester
6 June 2013

- The maintenance and integrity of Sefton Primary Care Trust's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On request this report can be provided in different formats, such as large print, audio or Braille versions and in other languages

Department of Health

NHS

Sefton Primary Care Trust

2012-13 Accounts

Published to gov.uk, in PDF format only.

www.gov.uk/dh

Sefton Primary Care Trust

2012-13 Accounts

Department of Health

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.....C Dugyan.....Designated Signing Officer

Name: Clare Dugyan

Date: 6.6.2013.

Department of Health

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.

6.6.13 Date ..... Signing Officer

6.6.13 Date ..... Finance Signing Officer

Department of Health

Annual Governance Statement 2012/13

NHS Sefton

Scope of responsibility

The Board is accountable for internal control. As Accountable Officer 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[1].

I am personally accountable to the Chief Executive the NHS Northwest Authority which is part of the North of England SHA Cluster and attend regular review meetings. I also attend regular meetings with counterparts in partner organisations.

Effectiveness of the Board

As Accountable Officer I am assured of the effectiveness of the Board in a number of ways. Performance against National Indicators, including those requirements set out in the Operating Framework 2012/13 is a key mechanism for providing assurance of effectiveness. The Board receives an update on progress in all areas at each and every public Board meeting and the reports demonstrate continued compliance in all areas. For any areas of slippage against targets the Executive Nurse and the Quality Team work with providers to establish and implement mitigation plans.

The Board was also effective in the management of its resource allocation and fully delivered the mandated control total targets as set out in the accounts.

The Board was also effective in its delivery of all requirements of the Transition and the Board was assured of this by receipt of a Transition Update Report at each meeting, submission of the Transition Assurance Reports to NHS Northwest and by the successful completion of the PCT Transfer Scheme Process.

The governance framework of NHS Sefton

The governance arrangements for NHS Sefton have been in place since April 2012. This framework is robust in its ability to provide assurance to the Board on the delivery of key objectives as confirmed by the reports of internal audit and the Head of Internal Audit Opinion.

The arrangements in place for the discharge of statutory functions have been checked by internal audit for any irregularities and the reports are submitted to Audit Committee. The Board is also

[1] Accountable Officer Memorandum for Chief Executives (2002)

assured of compliance with its functions through receipt of performance reports at each public meeting.

The NHS Merseyside Board is a sub-committee of NHS Halton and St Helens PCT, Knowsley PCT, Liverpool PCT and Sefton PCT. The Cluster Board is established in accordance with Regulation 10 of the National Health Service (Functions of Strategic Health Authorities and Primary Care Trusts and Administrative Arrangements) (England) Regulations 2002, as amended (the "Regulations")

The Board comprises a diverse range of skills from Executive and Non-Executive Directors and there is a clear division of responsibility between running the board and running the PCTs business. The Chair is responsible for the leadership of the Board and ensures that Executives have had access to relevant information to assist them in the delivery of their duties. The NEDs have actively provided scrutiny and challenge at Board and sub-committee level. Each committee comprises membership and representation from appropriate officers and NEDs with sufficient experience and knowledge to support the committees in discharging their duties.

The Board has been well attended by all Executives and NEDs throughout the year ensuring that the Board has been able to make fully informed decisions to support and deliver the strategic objectives.

The Board's objectives are aligned to the objectives set out in the Shared Operating Model for PCT Clusters[2]. These are managed through the Board Assurance Framework process. The Board has been assured of its effectiveness in respect of delivering is objectives through this process which is supported by the Joint Integrated Governance Committee.

The Board is assured of its effectiveness in terms of performance management through the regular corporate performance reports on finance, reform and quality key performance indicators as set out in national guidance. Throughout the year performance has continued to be maintained or improved which represents a significant achievement.

The Board is supported by a sub-committee structure comprising the statutory committees listed below.

Joint Integrated Governance Committee (JIGC):

This committee has delegated responsibility for identifying, reviewing and developing mitigation plans against any risks that arise as a consequence of the transition. The committee also reviews and scrutinises the Board Assurance Framework and Corporate Risk Register prior to any review

[2] Department of Health (2011) *Shared Operating Model for PCT Clusters* (London :TSO) at pg 4 paras 9, 10 and 11

by the Cluster Board. This committee reports to the NHS Merseyside Board on the development, implementation and monitoring of integrated governance by providing assurance on: "the systems and processes by which the PCT leads, directs and controls its functions in order to achieve organisational objectives, safety, and quality of services, and in which they relate to the wider community and partner organisations.

The committee has delegated responsibility for the approval of corporate policy and during the year has received updates and requests for approvals on the key following policies and processes

- Information Governance
- Serious Untoward Incidents
- Adult and Children Safeguarding
- Risk Management
- Board Assurance Framework for NHS Sefton

The committee also reviewed and scrutinised the following:

- Transitional Risk Register
- Quality Handover Document
- PCT Transfer Scheme processes

This Committee was established in accordance with best practice and the recommendations of the Integrated Governance Handbook.[3] The committee comprises Executive Directors, NEDs, Internal Audit and governance and risk officers to ensure that the committee is appropriately skilled and resourced to deliver its objectives.

The JIGC has been well attended by all Executives, NEDs and Officers throughout the year ensuring that there has been robust scrutiny and challenge at all times. This has enabled the JIGC to provide robust assurances to the Board and to inform the Board of key risk areas.

During the year the committee debated and agreed how risks would be escalated through services across the Cluster up to the Corporate Risk Register and BAF. The Committee debated and agreed this revised cluster wide methodology.

Key highlights: During the year the JIGC:

- Provided assurance to the Board on the objectives and controls with the Board Assurance Framework and Corporate Risk Register.

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[3] Department of Health (2006) *Integrated Governance Handbook – a handbook for executives and non-executives in healthcare organisations* (London: TSO)

- Provided assurance on the NHS Sefton Board Assurance Framework
- Provided assurance of compliance with the Information Governance Toolkit (68%).
- Received and reviewed progress on the Transition
- Reviewed the Quality Handover Document

The committee is supported by a Risk Management Sub Group, Information Governance Sub Group and Quality Improvement and Patient Safety sub group.

Audit Committee

The Audit Committee ensures compliance with statutory requirements and provides assurance to the NHS Merseyside Board on internal control and governance matters. The Audit Committee also provides an independent and objective review on the NHS Merseyside and local PCT financial systems, financial information and compliance with laws, guidance, and regulations governing the NHS.

A key function of the Committee is to ensure that there are appropriate controls in place for the prevention of detection of Fraud and receives update reports at each meeting. The Committee also approved the Anti Bribery Policy.

The Committee has also received, reviewed and approved:

- Internal Audit reports and approved the internal audit plan
- External Audits reports
- Counter Fraud Update and approved the Counter Fraud work plan
- Register of Interests
- Waivers
- Debtors
- Losses and Special Payments

The Audit Committee received reports to ensure that actions arising from audit reviews of key processes had been implemented or carried forward to be scrutinised by the Audit Committee.

Key highlights: During the year the Audit Committee:

- Provided significant assurance on incident reporting procedures
- Provided significant assurance on budgetary controls
- Provided assurances on the Transfer Scheme process
- Provided assurances on the Risk Management processes
- Provided assurances on independent contractor payment processes

The Audit Committee has been well attended by all NEDs, Internal Auditors, External Auditors and Officers throughout the year ensuring that there has been robust scrutiny at all times. This has enabled the Audit Committee to provide robust assurances to the Board and to inform the Board of any gaps in systems control.

Remuneration Committee:

The committee ensures compliance with statutory requirements and undertook reviews of Very Senior Managers remuneration and to comply with the requirements set out in the NHS Codes of Conduct and Accountability and the Higgs report.[4] The Committee reviews and agrees appraisal and remuneration of executives: During the year the committee has reviewed a number of cases relating to redundancy.

The Remuneration Committee met in full quorum for all meetings during the year.

The Board also has committees with responsibility for Human Resources and Organisation Development and Equality and Diversity.

Clinical Commissioning Group Sub Committees

The Board established six clinical commissioning sub committees that have evolved to become the Governing Bodies of CCGs. During 2012/13 these committees operated under robust Terms of Reference and Scheme of Delegation. The PCT Chief Executive established an Accountability Meeting with each CCG designated Accountable Officer and these meetings ran throughout the year.

Handover and Closedown

The Cluster Board established a Closedown Steering Group that was responsible for overseeing the programme of work to ensure the safe and effective handover of assets, liabilities and responsibilities to the successor organisations. To ensure that there was sufficient resource and capacity in the system to deliver the programme additional support was procured from Mersey Internal Audit Agency and from Hill Dickinson Solicitors.

The Group delivered the Transfer Scheme programme for all the PCTs complying with all Department of Health deadlines and ensuring there was on-going engagement and dialogue with all successor bodies. The Group provided regular updates to Audit Committee, Joint Integrated Governance Committee and the Board on a regular basis.

The Audit Committee received assurances in respect of the Closedown of the annual accounts.

The Board nominated 3 Non-Executive Directors that will be retained to support the new Audit Committee arrangements that have been established as sub committees of the Department of Health's Audit and Risk Committee.

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[4] D, Higgs (January 2003) *Review of the Role and Effectiveness of non-executive directors* section 13.8 at page 61 – available at http://www.berr.gov.uk/files/file23012.pdf

NHS Sefton agreed Retention and Exit Terms (RETS) packages for staff that would be retained with the Legacy Management Team hub to provide support to the close down programme.

Transition Assurance – NHS Sefton provided monthly updates on progress with the Transition to the SHA and the Department of Health.

The Board received an update on progress with the Transition that covered all parts of the reforms at each public meeting.

The Joint Integrated Governance Committee received updates on progress with the Transition.

As part of the handover process the successor bodies were advised of any on-going risks that will require continued review through the following processes.

- **Quality Handover** – NHS Sefton provided information that was included in the NHS Merseyside Quality Legacy Document was signed off by the Board in January 2013 and the programme of quality handover to the CCGs concluded on 31st March 2013. The Quality Legacy Document was scrutinised by the Joint Integrated Governance Committee prior to submission to the Board.

- **Corporate Handover** – NHS Sefton provided information that was included in the NHS Merseyside Corporate Handover document. This document provides a summary of key factors relevant to all new bodies and provided sign posts to other key documents. This also included a summary of key risks.

- **Public Health Legacy Document** – NHS Sefton produced a Public Health Legacy Document for the relevant Local Authority.

Risk Assessment

NHS Sefton has a comprehensive Risk Management Strategy, which is updated at regular intervals. The following key elements are contained within the Strategy:

- Risk Management Strategy, Aims and Objectives
- Roles, Responsibilities and Accountability
- The Risk Management Process – Risk Identification, Risk Assessment, Risk Treatment, Monitoring and Review, Risk Prevention
- Risk Grading – Criteria
- Training & Support

NHS Sefton has established a number of mechanisms for identifying and managing risks including risk profiling methodology, incident reporting, complaints and litigation data, and staff concerns/whistle-blowing.

Risk management and the ensuing development of risk registers is generally achieved using a dual 'top-down' and 'bottom-up' approach to identifying and managing risks. The 'top-down' element has been addressed through the development of a Board Assurance Framework and Corporate

Risk Register identifying strategic high-level risks. These two documents are based on models which have previously been accepted as meeting audit requirements.

The 'bottom-up' element of the risk management system best fits with organisational structures and this has therefore been based on the directorate arrangements and subsequently on the NHS Merseyside director portfolios and integrated teams. All functional leads have identified their arrangements for developing and reviewing risk registers and escalating risks.

In addition to risk registers being developed and reviewed at team and directorate level, there is an escalation process to the Corporate Risk Register. The Corporate Risk Register is centrally managed and maintained, and is reviewed at Joint Integrated Governance Committee and the Trust Board. Directorate risk registers are also collated centrally to ensure a comprehensive system is in place, and are periodically reviewed by the Risk Management Working group and/or the Joint Integrated Governance Committee. All risk registers use the same risk scoring matrices to ensure consistency in describing risks across the organisation; these matrices are based on the NPSA matrices but have been customised for local use to reflect the trust's tolerance to risk.

The Corporate Risk Register is structured to reflect key domains, e.g. Quality & Safety, Finance, Human Resources, Performance and Delivering Reform.

Key new risks identified during 2012/13 are those associated with the organisational changes necessary as part of the transition to the new commissioning arrangements. A programme approach was taken to managing these risks, with project plans and risk registers developed for the different workstreams, and an overarching transition programme board which reviewed progress using a risk-based exception reporting format. Throughout the year issues have been reported operationally to the executive team and governance oversight provided by the Joint Integrated Governance Committee and Board.

NHS Sefton has put in place policies, procedures, guidance and support to ensure that personal and corporate information is handled legally, securely, efficiently and effectively, in order to deliver high quality services. Performance is monitored through the completion of the annual Information Governance (IG) Toolkit return and reports to the Information Governance Working Group and Joint Integrated Governance committee.

Controls include:

- Mandatory induction and refresher IG training for all staff
- Identifying the movement of personal data and assessing associated risks, and minimising where possible
- Ensuring the encryption of all confidential data stored on portable devices
- Reporting, investigation and escalation of all information governance incidents

However, there was 1 data breach during the year that was reported to the Information Commissioners Office. This incident was under review by the ICO as at 31st March 2013.

Risk & Control Framework

The PCTs Risk Management processes achieved a level of "Significant Assurance" by Internal Audit.

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

- identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives,
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- Minimise the risk of fraud

The Risk Management agenda is coordinated and managed by the Joint Integrated Governance Committee as previously described.

All fraud risks and controls are monitored by the Audit Committee that reports to the Board through its minutes.

The Board has developed the strategic objectives, and the evaluation of the risks to achieving these objectives are set out in the Board Assurance Framework which is regularly reviewed and scrutinised by the Joint Integrated Governance Committee and the Trust Board.

The Board Assurance Framework is a key document whose purpose is to provide the Board with 'reasonable' assurance that internal systems are functioning effectively. It is a high level document that is used to inform and give assurance to the Board that the risks to achieving key objectives are recognised and that controls are in place or being developed to manage these risks.

Risks are rated, and controls that will address these risks are identified, gaps in control or assurance are noted and action plans to close gaps summarised and updated. Potential and actual sources of assurance are identified and the latter are also rated for the level of assurance provided. A summary of the assurance levels for all assurance framework entries is updated each quarter and accompanies the full document.

The Corporate Risk Register provides the Board with a summary of the principal risks facing the organisation, with a summary of the actions needed and being taken to reduce these risks to an acceptable level. The information contained in the Corporate Risk Register should be sufficient to allow the Board to be involved in prioritising and managing major risks. The risks described in the Corporate Risk Register will be more wide-ranging than those in the Board Assurance Framework, covering a number of domains.

Where risks to achieving organisational objectives are identified in the Corporate Risk Register or other risk registers, these are added to the Board Assurance Framework; and where gaps in control are identified in the Board Assurance Framework, these risks are added to the Corporate Risk Register. The two documents thus work together to provide the Board with assurance and action plans on risk management in the organisation.

The Corporate Risk Register is updated and presented for review and scrutiny at the same time as the Board Assurance framework.

The PCT commissions a range of training programmes which include specific mandatory training for particular staff groups which aims to minimise the risks inherent in their daily work. Information Governance training is mandatory for all staff.

Targeted training is provided to designated risk leads to support development of risk registers, and one to one sessions are available for all managers responsible for updating the Board Assurance Framework.

The Head of Audit issues an annual opinion to the Board on the effectiveness of the Assurance Framework in providing the Board with the assurances regarding its systems of internal control.

The Head of Audit's opinion on the Assurance Framework determined that a Consolidated Cluster Assurance Framework has been established which is designed and operating to meet the requirements of the Annual Governance Statement and provide reasonable assurance that there is an effective system of internal control to manage the principal risks identified by the organisation.

Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work; The Head of Audit Opinion is that **Significant Assurance** can be given that that there is a generally sound system of internal control designed to meet the organisation's objectives, and that controls are generally

being applied consistently. However, some weaknesses in the design or inconsistent application of controls put the achievement of particular objective at risk

In particular, the review of the processes in place for Safeguarding Adults & Children provided Limited Assurance and a further follow up was undertaken in the year and the one high level risk identified was confirmed as implemented, however others remain outstanding. Also limited assurance was provided with regard to Continuing Healthcare, an action plan has been developed.

Whilst limited assurance was also provided with regard to the IG Toolkit Submission, the review highlighted that processes were in place to ensure the successful transition of key information and activities to the emerging framework of new organisations.

These areas of concern have been shared with CCG successor bodies so that they are able to ensure that improvements are made in these areas.

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

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, Audit Committee and the Joint Integrated Governance Committee.

The Board receives the minutes of all committees including the Audit Committee and the Joint Integrated Governance Committee

The Joint Integrated Governance Committee approves relevant policies and the Audit Committee monitors action plans arising from Internal Audit reviews.

Internal Audit is a key component of internal control. The Audit Committee approves the annual internal audit plan, and progress against this plan is reported to each meeting of the Committee. The individual reviews carried out throughout the year assist the Director of Audit to form his opinion, which in turn feeds the assurance process.

My review confirms that NHS Sefton has a generally sound system of internal control that supports the achievement of its policies, aims and objectives and the Board has complied with the Corporate Governance Code.

Signed **Date**

C Duggan 6.6.2013

Clare Duggan

Designated Signing Officer

Signed **Date**

P G Wadeson 6.6.13

Phil Wadeson

Finance Signing Officer

Independent Auditors' Report to the officer responsible for preparing the accounts of Sefton Primary Care Trust

We have audited the financial statements of Sefton Primary Care Trust ("the PCT") for the year ended 31 March 2013 which 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 the accounting policies directed by the Secretary of State for Health with the consent of the Treasury as relevant to the National Health Service in England set out therein.

Respective responsibilities of the officer responsible for preparing the accounts and auditors

As explained more fully in the Statement of the Responsibilities of the Signing Officer set out on page 29 the officer responsible for preparing the accounts is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with accounting policies directed by the Secretary of State, with the consent of the Treasury, as being relevant to the National Health Service in England. Our responsibility is to audit and express an opinion on the financial statements in accordance with Part II of the Audit Commission Act 1998, the Code of Audit Practice 2010 for local NHS bodies issued by the Audit Commission and International Standards on Auditing (ISAs) (UK and Ireland).Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the officer responsible for preparing the accounts of Sefton Primary Care Trust in accordance with Part II of the Audit Commission Act 1998 as set out in paragraph 45 of the Statement of Responsibilities of Auditors and of Audited Bodies (Local NHS Bodies) published by the Audit Commission in March 2010 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 PCT's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the PCT; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the PCT's affairs as at 31 March 2013 and of its net operating costs for the year then ended; and
- have been properly prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as being relevant to the National Health Service in England.

Opinion on other matters prescribed by the Code of Audit Practice
In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the requirements directed by the Secretary of State with the consent of the Treasury as being relevant to the National Health Service in England;

- 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; 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 are required to report by exception
We have nothing to report in respect of the following matters where the Code of Audit Practice issued by the Audit Commission requires us to report to you if:

- in our opinion, the Governance Statement does not comply with the Department of Health's requirements set out in "2012/13 Governance Statements – Guidance " issued on 31 January 2013 or is misleading or inconsistent with information of which we are aware from our audit; or

- we refer a matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because the PCT, or an officer of the PCT, 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.

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

Respective responsibilities of the PCT and auditors
The PCT is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the PCT has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the PCT has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the PCT's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

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

- our review of the Governance Statement;
- the work of other relevant regulatory bodies or inspectorates, to the extent that the results of this work impact on our responsibilities at the PCT; and
- our locally determined risk-based work included reviewing the governance arrangements, financial management, asset and information management and workforce management.

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 Sefton Primary Care Trustin accordance with the requirements of Part II of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Peter Chambers, Engagement Lead

For and on behalf of PricewaterhouseCoopers LLP
Appointed Auditors
Manchester
6 June 2013

- The maintenance and integrity of Sefton Primary Care Trust's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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	**12,093**	13,177
Other costs	5.1	**551,522**	538,659
Income	4	**(15,341)**	(11,923)
Net operating costs before interest		**548,274**	539,913
Investment income	9	**(28)**	(42)
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**984**	976
Net operating costs for the financial year		**549,230**	540,847
Transfers by absorption -(gains)		**0**	0
Transfers by absorption - losses		**0**	0
Net (gain)/loss on transfers by absorption		**0**	0
Net Operating Costs for the Financial Year including absorption transfers		**549,230**	540,847
Of which:			
Administration Costs			
Gross employee benefits	7.1	**5,333**	5,278
Other costs	5.1	**9,947**	10,588
Income	4	**0**	0
Net administration costs before interest		**15,280**	15,866
Investment income	9	**(28)**	(42)
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**938**	976
Net administration costs for the financial year		**16,190**	16,800
Programme Expenditure			
Gross employee benefits	7.1	**6,760**	7,899
Other costs	5.1	**541,575**	528,071
Income	4	**(15,341)**	(11,923)
Net programme expenditure before interest		**532,994**	524,047
Investment income	9	**0**	0
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**46**	0
Net programme expenditure for the financial year		**533,040**	524,047

Other Comprehensive Net Expenditure	2012-13 £000	2011-12 £000
Impairments and reversals put to the Revaluation Reserve	**399**	439
Net (gain) on revaluation of property, plant & equipment	**(56)**	(26)
Net (gain) on revaluation of intangibles	**0**	0
Net (gain) on revaluation of financial assets	**0**	0
Net (gain)/loss on other reserves	**0**	0
Net (gain)/loss on available for sale financial assets	**0**	0
Net (gain) /loss on Assets Held for Sale	**0**	0
Release of Reserves to Statement of Comprehensive Net Expenditure	**0**	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*	**549,573**	541,260

The notes on pages 5 to 42 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	**19,420**	20,806
Intangible assets	13	**0**	9
investment property	15	**0**	0
Other financial assets	21	**523**	523
Trade and other receivables	19	**0**	0
Total non-current assets		**19,943**	21,338
Current assets:			
Inventories	18	**0**	0
Trade and other receivables	19	**1,309**	3,646
Other financial assets	21.1	**0**	0
Other current assets	22	**0**	0
Cash and cash equivalents	23	**154**	27
Total current assets		**1,463**	3,673
Non-current assets held for sale	24	**0**	0
Total current assets		**1,463**	3,673
Total assets		**21,406**	25,011
Current liabilities			
Trade and other payables	25	**(25,507)**	(27,529)
Other liabilities	26,28	**0**	0
Provisions	32	**(3,178)**	(1,415)
Borrowings	27	**(62)**	(61)
Other financial liabilities	28	**0**	0
Total current liabilities		**(28,747)**	(29,005)
Non-current assets plus/less net current assets/liabilities		**(7,341)**	(3,994)
Non-current liabilities			
Trade and other payables	25	0	0
Other Liabilities	26	0	0
Provisions	32	(1,290)	(1,388)
Borrowings	27	(13,190)	(13,252)
Other financial liabilities	28	0	0
Total non-current liabilities		**(14,480)**	(14,640)
Total Assets Employed:		**(21,821)**	(18,634)
Financed by taxpayers' equity:			
General fund		(25,444)	(22,600)
Revaluation reserve		3,623	3,966
Other reserves		0	0
Total taxpayers' equity:		**(21,821)**	(18,634)

The notes on pages 5 to 42 form part of this account.

The financial statements on pages 1 to 4 were approved by the Audit Sub Committee of the Department of Health on 5th June 2013 and signed on its behalf by

Signing Officer: E Duggan Date: 6.6.2013

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	**19,420**	20,806
Intangible assets	13	**0**	9
investment property	15	**0**	0
Other financial assets	21	**523**	523
Trade and other receivables	19	**0**	0
Total non-current assets		**19,943**	21,338
Current assets:			
Inventories	18	**0**	0
Trade and other receivables	19	**1,309**	3,646
Other financial assets	#####	**0**	0
Other current assets	22	**0**	0
Cash and cash equivalents	23	**154**	27
Total current assets		**1,463**	3,673
Non-current assets held for sale	24	**0**	0
Total current assets		**1,463**	3,673
Total assets		**21,406**	25,011
Current liabilities			
Trade and other payables	25	**(25,507)**	(27,529)
Other liabilities	26,28	**0**	0
Provisions	32	**(3,178)**	(1,415)
Borrowings	27	**(62)**	(61)
Other financial liabilities	28	**0**	0
Total current liabilities		**(28,747)**	(29,005)
Non-current assets plus/less net current assets/liabilities		**(7,341)**	(3,994)
Non-current liabilities			
Trade and other payables	25	0	0
Other Liabilities	26	0	0
Provisions	32	(1,290)	(1,388)
Borrowings	27	(13,190)	(13,252)
Other financial liabilities	28	0	0
Total non-current liabilities		**(14,480)**	(14,640)
Total Assets Employed:		**(21,821)**	(18,634)
Financed by taxpayers' equity:			
General fund		(25,444)	(22,600)
Revaluation reserve		3,623	3,966
Other reserves		0	0
Total taxpayers' equity:		**(21,821)**	(18,634)

The notes on pages 5 to 42 form part of this account.

The financial statements on pages 1 to 4 were approved by the Audit Sub Committee of the Department of Health on 5th June 2013 and signed on its behalf by

Signing Officer: 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	**(22,600)**	**3,966**	**0**	**(18,634)**
Changes in taxpayers' equity for 2012-13				
Net operating cost for the year	(549,230)	0	0	**(549,230)**
Net gain on revaluation of property, plant, equipment	0	56	0	**56**
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	(399)	0	**(399)**
Movements in other reserves	0	0	0	**0**
Transfers between reserves	0	0	0	**0**
Release of Reserves to SOCNE	0	0	0	**0**
Reclassification Adjustments				
Net Gain/(loss) on transfers by absorption	0	0	0	**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	**(549,230)**	**(343)**	**0**	**(549,573)**
Net Parliamentary funding	546,386			**546,386**
Balance at 31 March 2013	**(25,444)**	**3,623**	**0**	**(21,821)**
Balance at 1 April 2011	**(23,479)**	**3,940**	**0**	**(19,539)**
Changes in taxpayers' equity for 2011-12				
Net operating cost for the year	(540,847)	0	0	(540,847)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment	0	465	0	465
Net Gain / (loss) on Revaluation of Intangible Assets	0	0	0	0
Net Gain / (loss) on Revaluation of Financial Assets	0	0	0	0
Net Gain / (loss) on Assets Held for Sale	0	0	0	0
Impairments and Reversals	0	(439)	0	(439)
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	0
Total recognised income and expense for 2011-12	(540,847)	26	0	(540,821)
Net Parliamentary funding	541,726			541,726
Balance at 31 March 2012	(22,600)	3,966	0	(18,634)

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		**(548,274)**	(539,913)
Depreciation and Amortisation	5.1	**1,077**	1,152
Impairments and Reversals	5.1	**421**	1,193
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	11	**(938)**	(929)
Release of PFI/deferred credit		**0**	0
(Increase)/Decrease in Inventories		**0**	245
(Increase)/Decrease in Trade and Other Receivables	19.1	**2,337**	(2,719)
(Increase)/Decrease in Other Current Assets		**0**	0
Increase/(Decrease) in Trade and Other Payables	25	**(1,928)**	1,350
(Increase)/Decrease in Other Current Liabilities		**0**	0
Provisions Utilised	32	**(526)**	(294)
Increase/(Decrease) in Provisions	32	**2,145**	(208)
Net Cash Inflow/(Outflow) from Operating Activities		**(545,686)**	(540,123)
Cash flows from investing activities			
Interest Received		**28**	42
(Payments) for Property, Plant and Equipment		**(540)**	(1,501)
(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 Inflow/(Outflow) from Investing Activities		**(512)**	(1,459)
Net cash inflow/(outflow) before financing		**(546,198)**	(541,582)
Cash flows from financing activities			
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		**(61)**	(140)
Net Parliamentary Funding		**546,386**	541,726
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		**546,325**	541,586
Net increase/(decrease) in cash and cash equivalents		**127**	4
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		**27**	23
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		**154**	27

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 Sefton PCT (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 financial statements.

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.

Under the provisions of The Health and Social Care Act 2012 (Commencement No.4. Transitional, Savings and Transitory Provisions) Order 2013, the PCT was dissolved on 1st April 2013. The PCT's functions, assets and liabilities transferred to other public sector entities as outlined in Note 39 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 Statement of Financial Position (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.

A revaluation of the PCT's property portfolio has taken place during the year ended 31 March 2013 but this revaluation was carried out as part of the normal PCT cycle of revaluations and was not related to the closedown of the PCT.

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.

The following are the key assumptions:

- The properties, including the LIFT properties, have been valued individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.
- Market value is based upon the scope of work and valuation assumptions have been derived using comparable recent market transactions on arm's length terms.

- In all instances the valuers have provided their opinion of market value on a vacant possession basis. They have excluded any incumbent occupiers and have had no regard to any third party agreements which may be in force. Furthermore, they have had no regard as to the removal of any medical or specialised fixtures and fittings which may be presently in situ.

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.

- Management have determined the GMS contractual arrangements to be operating leases in accordance with IFRIC4 'Determining whether an arrangement contains a lease' and IAS17 'Leases'. The impact of this judgement is that costs in relation to GP surgeries and health centres are taken to the SoCNE instead of being capitalised as assets in the SoFP.

- Management have designated the ISTC contractual arrangements to be finance leases in accordance with IFRIC12 'Determining whether an arrangement contains a lease' and IAS17 'Leases'. The impact of this judgement is that costs in relation to independent treatment centres are taken to be capitalised in the SoFP and amortised over the remaining contract period

Key sources of estimation uncertainty

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

Management have exercised judgement in determining the value at which the prescribing creditor is reflected within the financial statements. Management have used the Prescription Pricing Authority forecast for determining the value at which the prescribing creditor is reflected within the financial statements.

- Management have assumed that the PCT will exercise its right under an option agreement to purchase various properties held under long term finance leases. Accordingly, the buildings subject to the lease arrangement are depreciated over the useful economic life of the asset as opposed to the shorter lease term. In making this assumption management is assuming the availability of cash at the maturity of the lease to fund the purchase.

- Provisions in relation to pre-March 1995 early retirement claims are based on the average life expectancy for the United Kingdom as published by the Office for National Statistics. The liability at 31 March 2013 is £1,465,646.

- Management have estimated the useful economic life of buildings based on guidance from RICS qualified surveyors. Any deviation in useful economic lives from those estimated could significantly impact depreciation and impairment charges. Further details on the valuation are set out in notes 1.6 and 12.3.

- As at 31March 2013, the PCT's estate has been revalued by CB Richard Ellis Ltd (CBRE) at fair value. This valuation report has been prepared in accordance with the terms of the Royal Institute of Chartered Surveyors' Valuation Standards, 6th Edition, insofar as these terms are consistent with the requirements of HM Treasury, the National Health Service, and the Department of Health. The revaluation report prepared by CBRE has been assessed as reasonable by the PCT.

- Provisions in relation to Continuing Health Care are based upon management estimates of the number and final cost of claims likely to be successful. The liability at 31 March 2013 is £2,978,504.

1. Accounting policies (continued)

1.2 Revenue and Funding

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

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

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

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

1.3 Pooled budgets

The PCT has entered into a pooled budget with Sefton Metropolitan Borough Council. Under the arrangement funds are pooled under S75 of the NHS Act 2006 for Learning Disability activities.

The pool is hosted by Sefton Metropolitan Borough 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.

1.4 Taxation

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

1.5 Administration and Programme Costs

Treasury has set performance targets in respect of non-frontline expenditure (administration expenditure).

From 2011-12, PCTs therefore analyse and report revenue income and expenditure by "admin and programme"

For PCTs, the Department has defined "admin and programme" in terms of running costs.
The broad definition of running costs includes any cost incurred that is not a direct payment for the provision of healthcare or healthcare related services.
Expense incurred under NHS transition redundancy programmes is however classed as "programme" under Treasury

1. Accounting policies (continued)

1.6 Property, Plant & Equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value.

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

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

The PCT also has land and buildings in the SoFP that are held under legal charge and which are not used for the PCT's services or for administrative purposes. These assets are stated in the SoFP at the value of the legal charge less any subsequent depreciation.

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.

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)

1.7 Intangible Assets

Recognition

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

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset.

1.8 Depreciation, amortisation and impairments

Freehold land is 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, on a straight line basis. 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.

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 are 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.

1. Accounting policies (continued)

1.09 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.

1.10 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).

Losses and special payments are compiled on an accruals basis and exclude any provisions in relation to such payments.

1.11 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 PCT.

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)

1.12 Employee benefits

Short-term employee benefits

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

The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Retirement benefit costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

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

1.13 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.

1.14 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. Accounting policies (continued)

1.15 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.

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.

1.16 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 SoCNE.

1.17 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 -1.8% for short term, -1.0% for medium term and 2.2% for long term provisions (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.

1. Accounting policies (continued)

1.18 Financial Instruments

Financial assets

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

Financial assets are initially recognised at fair value.

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

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to the SoCNE on de-recognition.
The financial assets are shares in an unlisted company. Fair value is determined by the PCT's share of the net assets of that company based on the company's annual financial statements.

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.

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 SoFP 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 SoCNE 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 SoCNE 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 SoFP 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.

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.

1.19 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 fair value 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.

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 SoCNE.

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 SoCNE.

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 SoCNE.

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)

1.20 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 1 Presentation of Financial Statements (amendment)
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

2 Operating segments

The PCT currently operates as part of a cluster of four PCT's with one common Board of Directors (the Board). This Board determines the allocation and use of resources and monitors the cluster, and hence the PCT's, performance. As such, the Board is considered to be the Chief Operating Decision Maker (CODM) and only those elements of cost that are used by the CODM for the purposes of allocating resources and measuring performance are detailed below.

Under the TCS initiative, services historically provided by PCT have transferred to other providers. At 31 March 2013 and 2012, therefore, the PCT comprises only one segment, namely:

- Commissioner, which is responsible for the procurement of healthcare services on behalf of Sefton residents.

The operating segments were identified based upon information which is regularly reported to the Board. Note the CODM does not consider the SoFP in a disaggregate form.

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	**0**	540,847
Net operating cost plus (gain)/loss on transfers by absorption	**549,230**	0
Adjusted for prior period adjustments in respect of errors	**0**	0
Revenue Resource Limit	**551,854**	543,395
Under/(Over)spend Against Revenue Resource Limit (RRL)	**2,624**	2,548

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	**446**	1,404
Charge to Capital Resource Limit	**446**	1,404
(Over)/Underspend Against CRL	**0**	0

3.3 Under/(Over)spend against cash limit

	2012-13	2011-12

4 Miscellaneous Revenue

	2012-13 Total	2012-13 Admin	2012-13 Programme	2011-12 Total
	£000	£000	£000	£000
Fees and Charges	**0**	0	0	0
Dental Charge income from Contractor-Led GDS & PDS	**4,433**	0	4,433	4,216
Dental Charge income from Trust-Led GDS & PDS	**0**	0	0	0
Prescription Charge income	**3,065**	0	3,065	2,688
Strategic Health Authorities	**406**	0	406	42
NHS Trusts	**1,927**	0	1,927	2,478
NHS Foundation Trusts	**230**	0	230	125
Primary Care Trusts Contributions to DATs	**0**	0	0	0
Primary Care Trusts - Other	**4,623**	0	4,623	1,154
Primary Care Trusts - Lead Commissioning	**6**	0	6	6
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	9
Recoveries in respect of employee benefits	**0**	0	0	0
Local Authorities	**139**	0	139	372
Patient Transport Services	**0**	0	0	0
Education, Training and Research	**154**	0	154	165
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	**101**	0	101	341
Charitable and Other Contributions to Expenditure	**124**	0	124	36
Receipt of donated assets	**0**	0	0	0
Receipt of Government granted assets	**0**	0	0	0
Rental revenue from finance leases	**0**	0	0	0
Rental revenue from operating leases	**0**	0	0	0
Other income	**133**	0	133	291
Total miscellaneous revenue	**15,341**	**0**	**15,341**	11,923

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	**59,134**	0	59,134	56,285
Non-Healthcare	**3,774**	3,724	50	3,722
Total	**62,908**	**3,724**	**59,184**	60,007
Goods and Services from Other NHS Bodies other than FTs				
Goods and services from NHS Trusts	**169,221**	1,467	167,754	169,029
Goods and services (other, excl Trusts, FT and PCT))	**1,796**	0	1,796	4,282
Total	**171,017**	**1,467**	**169,550**	173,311
Goods and Services from Foundation Trusts	**141,574**	230	141,344	131,760
Purchase of Healthcare from Non-NHS bodies	**42,302**	0	42,302	41,036
Social Care from Independent Providers	**0**	0	0	0
Expenditure on Drugs Action Teams	**4,526**	0	4,526	4,870
Non-GMS Services from GPs	**0**	0	0	0
Contractor Led GDS & PDS (excluding employee benefits)	**18,256**	0	18,256	17,636
Salaried Trust-Led PDS & PCT DS (excluding employee benefits)	**0**	0	0	0
Chair, Non-executive Directors & PEC remuneration	**133**	133	0	102
Executive committee members costs	**0**	0	0	87
Consultancy Services	**593**	326	267	295
Prescribing Costs	**47,964**	0	47,964	50,603
G/PMS, APMS and PCTMS (excluding employee benefits)	**33,616**	0	33,616	33,102
Pharmaceutical Services	**846**	0	846	878
Local Pharmaceutical Services Pilots	**0**	0	0	0
New Pharmacy Contract	**12,064**	0	12,064	12,684
General Ophthalmic Services	**3,216**	0	3,216	3,087
Supplies and Services - Clinical	**3,812**	0	3,812	3,689
Supplies and Services - General	**75**	65	10	35
Establishment	**1,470**	1,162	308	1,472
Transport	**96**	33	63	60
Premises	**4,196**	1,775	2,421	2,623
Impairments & Reversals of Property, plant and equipment	**421**	0	421	1,193
Impairments and Reversals of non-current assets held for sale	**0**	0	0	0
Depreciation	**1,068**	0	1,068	1,086
Amortisation	**9**	0	9	66
Impairment & Reversals Intangible non-current assets	**0**	0	0	0
Impairment and Reversals of Financial Assets	**0**	0	0	0
Impairment of Receivables	**101**	(4)	105	(775)
Inventory write offs	**0**	0	0	0
Research and Development Expenditure	**0**	0	0	0
Audit Fees	**152**	152	0	227
Other Auditors Remuneration	**0**	0	0	0
Clinical Negligence Costs	**0**	0	0	0
Education and Training	**410**	187	223	444
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	**697**	697	0	(919)
Total Operating costs charged to Statement of Comprehensive Net Expenditure	**551,522**	**9,947**	**541,575**	538,659
Employee Benefits (excluding capitalised costs)				
Employee Benefits associated with PCTMS	**3,308**	0	3,308	3,411
Trust led PDS and PCT DS	**0**	0	0	0
PCT Officer Board Members	**623**	623	0	806
Other Employee Benefits	**8,162**	4,710	3,452	8,960
Total Employee Benefits charged to SOCNE	**12,093**	**5,333**	**6,760**	13,177
Total Operating Costs	**563,615**	**15,280**	**548,335**	551,836

	Total	Commissioning Services	Public Health
PCT Running Costs 2012-13			
Running costs (£000s)	**16,245**	15,128	1,117
Weighted population (number in units)*	**303,497**	303,497	303,497
Running costs per head of population (£ per head)	**53.53**	**49.85**	**3.68**
PCT Running Costs 2011-12			
Running costs (£000s)	18,067	16,597	1,470
Weighted population (number in units)	303,497	303,497	303,497
Running costs per head of population (£ per head)	59.53	54.69	4.84

5.2 Analysis of operating expenditure by expenditure classification	2012-13 £000	2011-12 £000
Purchase of Primary Health Care		
GMS / PMS/ APMS / PCTMS	36,924	36,513
Prescribing costs	47,964	50,603
Contractor led GDS & PDS	18,256	17,636
Trust led GDS & PDS	0	0
General Ophthalmic Services	3,216	3,087
Department of Health Initiative Funding	0	0
Pharmaceutical services	846	878
Local Pharmaceutical Services Pilots	0	0
New Pharmacy Contract	12,064	12,684
Non-GMS Services from GPs	0	0
Other	0	0
Total Primary Healthcare purchased	**119,270**	121,401
Purchase of Secondary Healthcare		
Learning Difficulties	7,734	7,543
Mental Illness	35,543	34,694
Maternity	8,328	10,555
General and Acute	252,490	238,960
Accident and emergency	26,275	26,489
Community Health Services	51,877	55,400
Other Contractual	2,133	2,329
Total Secondary Healthcare Purchased	**384,380**	375,970
Grant Funding		
Grants for capital purposes	0	0
Grants for revenue purposes	0	0
Total Healthcare Purchased by PCT	**503,650**	497,371
PCT self-provided secondary healthcare included above	0	0
Social Care from Independent Providers	0	0
Healthcare from NHS FTs included above	131,589	124,350

6. Operating Leases

The PCT is a contractual party to the General Medical Services (GMS) contract with GPs. The element of the contract relating to GP premises has been classified as an operating lease under IFRIC 4 'Determining whether an arrangement contains a lease' as the PCT purchases substantially all of the capacity of the GP surgeries and health care centres. The lease is for an indefinite period of time and there is no contingent rent payable under the contract.

Payments under the GMS contract have been excluded from the timing analysis below on the basis that there is no end date to the contract. Operating lease payments charged to the SoCNE in 2012-13 in respect of GP leases amounted to £942,277 (2011-12: £635,466).

The PCT also has other operating leases in 2012-13 of £433,842 for buildings (2011-12: £507,843) and £8,541 for leased cars (2011-12: £11,079)

6.1 PCT as lessee	Buildings £000	Other £000	2012-13 Total £000	2011-12 Total £000
Payments recognised as an expense				
Minimum lease payments	434	8	**442**	519
Contingent rents	0	0	**0**	0
Sub-lease payments	0	0	**0**	0
Total	**434**	**8**	**442**	519
Payable:				
No later than one year	329	5	**334**	433
Between one and five years	977	1	**978**	1,061
After five years	395	0	**395**	637
Total	**1,701**	**6**	**1,707**	2,131

7. Employee benefits and staff numbers

7.1 Employee benefits

2012-13	Total			Permanently employed			Other		
	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
Employee Benefits - Gross Expenditure									
Salaries and wages	**9,899**	4,602	5,297	8,859	3,562	5,297	1,040	1,040	0
Social security costs	**662**	292	370	662	292	370	0	0	0
Employer contributions to NHS Pensions scheme	**995**	439	556	995	439	556	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	**537**	0	537	537	0	537	0	0	0
Total employee benefits	**12,093**	**5,333**	**6,760**	11,053	4,293	6,760	1,040	1,040	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	**12,093**	**5,333**	**6,760**	11,053	4,293	6,760	1,040	1,040	0
Employee costs capitalised	**0**	0	0	0	0	0	0	0	0
Gross Employee Benefits excluding capitalised costs	**12,093**	**5,333**	**6,760**	11,053	4,293	6,760	1,040	1,040	0
Recognised as:									
Commissioning employee benefits	**12,093**			11,053			1,040		
Provider employee benefits	**0**			0			0		
Gross Employee Benefits excluding capitalised costs	**12,093**			11,053			1,040		

Employee Benefits - Prior- year

	Total £000	Permanently employed £000	Other £000
Employee Benefits Gross Expenditure 2011-12			
Salaries and wages	10,166	9825	341
Social security costs	752	752	0
Employer contributions to NHS Pensions scheme	1,155	1155	0
Other pension costs	0	0	0
Other post-employment benefits	0	0	0
Other employment benefits	0	0	0
Termination benefits	1,104	1104	0
Total gross employee benefits	13,177	12,836	341
Less recoveries in respect of employee benefits	0	0	0
Total - Net Employee Benefits including capitalised costs	13,177	12,836	341
Employee costs capitalised	0	0	0
Gross Employee Benefits excluding capitalised costs	13,177	12,836	341
Recognised as:			
Commissioning employee benefits	13,177		
Provider employee benefits	0		
Gross Employee Benefits excluding capitalised costs	13,177		

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	**16**	14	2	17	17	0
Ambulance staff	**0**	0	0	0	0	0
Administration and estates	**156**	137	19	181	172	9
Healthcare assistants and other support staff	**1**	1	0	3	3	0
Nursing, midwifery and health visiting staff	**11**	8	3	7	7	0
Nursing, midwifery and health visiting learners	**0**	0	0	0	0	0
Scientific, therapeutic and technical staff	**19**	19	0	13	13	0
Social Care Staff	**0**	0	0	0	0	0
Other	**0**	0	0	13	13	0
TOTAL	**203**	**179**	**24**	234	225	9
Of the above - staff engaged on capital projects	**0**	0	0	0	0	0

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**
Less than £10,000	2	0	**2**	0	0	0
£10,001-£25,000	3	0	**3**	0	6	6
£25,001-£50,000	1	0	**1**	0	8	8
£50,001-£100,000	2	0	**2**	0	2	2
£100,001 - £150,000	0	0	**0**	0	4	4
£150,001 - £200,000	0	0	**0**	0	0	0
>£200,000	0	0	**0**	0	0	0
Total number of exit packages by type (total cost	**8**	**0**	**8**	0	20	20
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Total resource cost	243	0	**243**	0	1,082	1,082

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 MARS 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 with staff in the year. Note: The expense associated with these departures may have been recognised in part or in full in a previous period.

The exit package for the Cluster Chief Executive is detailed in the accounts of Liverpool PCT and has been excluded from the exit package note in these accounts . The exit package for the Cluster Director of HR and OD is detailed in the accounts of Knowsley PCT and has been excluded from the exit package note in these accounts.

Both the Cluster Director of HR and OD and Cluster Chief Executive are joint appointments with across the four PCTs in the Mersey Cluster. Liverpool PCT and Knowsley PCT have recharged a percentage of the exit package costs for these two Directors to the other Cluster PCTs based on unified weighted population, details are 13.65% Knowsley PCT; 21.13% Sefton PCT and 25.08% Halton and St Helen's PCT; Liverpool 40.14%

Further details about the Director of HR and OD and the Chief Executive are included in the Remuneration Report.

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.

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	20,426	63,952	17,590	58,276
Total Non-NHS Trade Invoices Paid Within Target	15,024	50,677	15,221	53,868
Percentage of NHS Trade Invoices Paid Within Target	**73.55%**	**79.24%**	86.53%	92.44%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	3,263	381,799	2,839	363,518
Total NHS Trade Invoices Paid Within Target	2,588	365,587	2,610	359,905
Percentage of NHS Trade Invoices Paid Within Target	**79.31%**	**95.75%**	91.93%	99.01%

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

The PCT signed up to the Prompt Payment Code (PPC) in June 2009. The PPC is a payment initiative developed in 2009 by Government with the Institute of Credit Management "to tackle the crucial issue of late payment and help small businesses." Details of the code can be found at www.promptpaymentcode.org.uk.

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

The PCT incurred no costs from claims made under this legislation during the years ended 31 March 2013 and 2012.

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	**28**	28	0	42
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	**28**	28	0	42
Total investment income	**28**	28	0	42

10. Other Gains and Losses

The PCT had no other gains or losses during the years ended 31 March 2013 and 2012.

11. Finance Costs

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 Total £000
Interest				
Interest on obligations under finance leases	**0**	0	0	3
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	**794**	794	0	800
- contingent finance cost	**144**	144	0	126
Interest on late payment of commercial debt	**0**	0	0	0
Other interest expense	**0**	0	0	0
Total interest expense	**938**	938	0	929
Other finance costs	**0**	0	0	0
Provisions - unwinding of discount	**46**	0	46	47
Total	**984**	938	46	976

12.1 Property, plant and equipment

2012-13	Land	Buildings excluding dwellings	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:							
At 1 April 2012	**4,624**	**21,996**	**1,182**	**10**	**4,391**	**977**	**33,180**
Additions of Assets Under Construction							**0**
Additions Purchased	0	239	0	0	0	207	**446**
Additions Donated	0	0	0	0	0	0	**0**
Additions Government Granted	0	0	0	0	0	0	**0**
Additions Leased	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	**0**
Reclassifications as Held for Sale	0	0	0	0	0	0	**0**
Disposals other than for sale	0	0	0	0	0	0	**0**
Upward revaluation/positive indexation	40	16	0	0	0	0	**56**
Impairments/negative indexation	(100)	(299)	0	0	0	0	**(399)**
Reversal of Impairments	0	0	0	0	0	0	**0**
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	**0**
At 31 March 2013	**4,564**	**21,952**	**1,182**	**10**	**4,391**	**1,184**	**33,283**
Depreciation							
At 1 April 2012	**321**	**7,629**	**643**	**9**	**3,344**	**428**	**12,374**
Reclassifications	0	0	0	0	0	0	**0**
Reclassifications as Held for Sale	0	0	0	0	0	0	**0**
Disposals other than for sale	0	0	0	0	0	0	**0**
Upward revaluation/positive indexation	0	0	0	0	0	0	**0**
Impairments	10	502	0	0	0	0	**512**
Reversal of Impairments	0	(91)	0	0	0	0	**(91)**
Charged During the Year	0	350	137	1	391	189	**1,068**
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	**0**
At 31 March 2013	**331**	**8,390**	**780**	**10**	**3,735**	**617**	**13,863**
Net Book Value at 31 March 2013	**4,233**	**13,562**	**402**	**0**	**656**	**567**	**19,420**
Purchased	4,233	13,562	402	0	656	567	**19,420**
Donated	0	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	0	**0**
Total at 31 March 2013	**4,233**	**13,562**	**402**	**0**	**656**	**567**	**19,420**
Asset financing:							
Owned	2,890	4,335	402	0	656	567	**8,850**
Held on finance lease	0	0	0	0	0	0	**0**
On-SOFP PFI contracts	1,343	9,227	0	0	0	0	**10,570**
PFI residual: interests	0	0	0	0	0	0	**0**
Total at 31 March 2013	**4,233**	**13,562**	**402**	**0**	**656**	**567**	**19,420**

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2012	**2,105**	**1,856**	**5**	**0**	**0**	**0**	**3,966**
Movements (specify)	(60)	(283)	0	0	0	0	**(343)**
At 31 March 2013	**2,045**	**1,573**	**5**	**0**	**0**	**0**	**3,623**

12.2 Property, plant and equipment

2011-12	Land	Buildings excluding dwellings	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:							
At 1 April 2011	4,286	20,980	1,181	10	4,316	977	31,750
Additions - purchased	0	1,328	1	0	75	0	1,404
Additions - donated	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
Revaluation & indexation gains	338	127	0	0	0	0	465
Impairments	0	(439)	0	0	0	0	(439)
Reversals of impairments	0	0	0	0	0	0	0
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0
Cumulative dep netted off cost following revaluation	0	0	0	0	0	0	0
At 31 March 2012	4,624	21,996	1,182	10	4,391	977	33,180
Depreciation							
At 1 April 2011	340	6,048	514	7	2,950	236	10,095
Reclassifications	0	0	0	0	0	0	0
Reclassifications as Held for Sale	0	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0	0
Impairments	0	1,279	0	0	0	0	1,279
Reversal of Impairments	(19)	(67)	0	0	0	0	(86)
Charged During the Year	0	369	129	2	394	192	1,086
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0
Cumulative dep netted off cost following revaluation	0	0	0	0	0	0	0
At 31 March 2012	321	7,629	643	9	3,344	428	12,374
Net Book Value at 31 March 2012	4,303	14,367	539	1	1,047	549	20,806
Purchased	4,303	14,367	539	1	1,047	549	20,806
Donated	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0
At 31 March 2012	4,303	14,367	539	1	1,047	549	20,806
Asset financing:							
Owned	2,960	4,567	539	1	1,047	549	9,663
Held on finance lease	0	0	0	0	0	0	0
On-SOFP PFI contracts	1,343	9,800	0	0	0	0	11,143
PFI residual: interests	0	0	0	0	0	0	0
At 31 March 2012	4,303	14,367	539	1	1,047	549	20,806

12.3 Property, plant and equipment

The fair value of the PCT's properties at 31 March 2013 has been arrived at on the basis of a valuation carried out at that date by CB Richard Ellis Limited, an independent external valuer.

The valuation by CB Richard Ellis Limited, which conforms to Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors and with IVA1 of the International Valuation Standards and was arrived at by reference to valuation techniques primarily derived using comparable recent market transactions on arm's length terms.

The properties have been valued individually as at 31 March 2013 and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

Market value is based upon the scope of work and valuation assumptions have been derived using comparable recent market transactions on arm's length terms.

In all instances the valuers have provided their opinion of market value on a vacant possession basis. They have excluded any incumbent occupiers and have had no regard to any third party agreements which may exist. Furthermore, they have had no regard as to the removal of any medical or specialised fixtures and fittings which may be presently in situ.

Modern Equivalent Asset valuation was adopted by the PCT on 1 April 2009 and is assessed using comparable market transactions on arm's length terms.

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.

Economic Lives of Property, Plant and Equipment

	Min Life Years	Max Life Years
Buildings excluding Dwellings	0	50
Plant & Machinery	0	13
Information Technology	0	5
Furniture and Fittings	0	14

Open Market Value of Assets at balance sheet date	Land	Buildings excl. dwellings	Total
	£000	£000	£000
Open Market Value at 31 March 2013	4,233	13,562	17,795
Open Market Value at 31 March 2012	4,303	14,367	18,670

13.1 Intangible non-current assets

2012-13	Software purchased	Total
	£000	£000
At 1 April 2012	**223**	**223**
Additions - purchased	0	**0**
Additions - internally generated	0	**0**
Additions - donated	0	**0**
Additions - government granted	0	**0**
Additions Leased	0	**0**
Reclassifications	0	**0**
Reclassified as held for sale	0	**0**
Disposals other than by sale	0	**0**
Revaluation & indexation gains	0	**0**
Impairments	0	**0**
Reversal of impairments	0	**0**
In-year transfers to/from NHS bodies	0	**0**
At 31 March 2013	**223**	**223**
Amortisation		
At 1 April 2012	**214**	**214**
Reclassifications	0	**0**
Reclassified as held for sale	0	**0**
Disposals other than by sale	0	**0**
Revaluation or indexation gains	0	**0**
Impairments charged to operating expenses	0	**0**
Reversal of impairments charged to operating expenses	0	**0**
Charged during the year	9	**9**
In-year transfers to NHS bodies	0	**0**
At 31 March 2013	**223**	**223**
Net Book Value at 31 March 2013	**0**	**0**
Net Book Value at 31 March 2013 comprises		
Purchased	0	**0**
Donated	0	**0**
Government Granted	0	**0**
Total at 31 March 2013	**0**	**0**

At 31 March 2013, there is no revaluation reserve balance for intangible non-current ass

13.2 Intangible non-current assets

2011-12	Software purchased	Total
	£000	£000
At 1 April 2011	223	223
Additions - purchased	0	0
Additions - internally generated	0	0
Additions - donated	0	0
Additions - government granted	0	0
Reclassifications	0	0
Reclassified as held for sale	0	0
Disposals other than by sale	0	0
Revaluation & indexation gains	0	0
Impairments	0	0
Reversal of impairments	0	0
In-year transfers to/from NHS bodies	0	0
Cumulative dep netted off cost following revaluation	0	0
At 31 March 2012	223	223
Amortisation		
At 1 April 2011	148	148
Reclassifications	0	0
Reclassified as held for sale	0	0
Disposals other than by sale	0	0
Revaluation or indexation gains	0	0
Impairments charged to operating expenses	0	0
Reversal of impairments charged to operating expenses	0	0
Charged during the year	66	66
In-year transfers to NHS bodies	0	0
Less cumulative dep written down on revaluation	0	0
At 31 March 2012	214	214
Net Book Value at 31 March 2012	9	9
Net Book Value at 31 March 2012 comprises		
Purchased	9	9
Donated	0	0
Government Granted	0	0
Total at 31 March 2012	9	9

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	0
Loss as a result of catastrophe	0	0	0
Other	0	0	0
Changes in market price	421	0	421
Total charged to Annually Managed Expenditure	**421**		**421**
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve			
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
Unforeseen obsolescence	0	0	0
Loss as a result of catastrophe	0	0	0
Other	0	0	0
Changes in market price	399	0	0
Total impairments for PPE charged to reserves	**399**	**0**	**0**
Total Impairments of Property, Plant and Equipment	**820**	**0**	**421**
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	0
Loss as a result of catastrophe	0	0	0
Other	0	0	0
Changes in market price	0	0	0
Total charged to Annually Managed Expenditure	**0**	**0**	**0**
Intangible Assets impairments and reversals charged to the Revaluation Reserve			
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
Unforeseen obsolescence	0	0	0
Loss as a result of catastrophe	0	0	0
Other	0	0	0
Changes in market price	0	0	0
Total impairments for Intangible Assets charged to Reserves	**0**	**0**	**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	0
Other	0	0	0
Total charged to Annually Managed Expenditure	**0**	**0**	**0**
Financial Assets impairments and reversals charged to the Revaluation Reserve			
Loss or damage resulting from normal operations	0	0	0
Loss as a result of catastrophe	0	0	0
Other	0	0	0
TOTAL impairments for Financial Assets charged to reserves	**0**	**0**	**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	0
Loss as a result of catastrophe	0	0	0
Other	0	0	0
Changes in market price	0	0	0
Total charged to Annually Managed Expenditure	**0**	**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	0
Loss as a Result of a Catastrophe	0	0	0
Other (Free text note required)*	0	0	0
Changes in Market Price	0	0	0
Total charged to Annually Managed Expenditure	**0**	**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	0
Loss as a Result of a Catastrophe	0	0	0
Other (Free text note required)*	0	0	0
Changes in Market Price	0	0	0
Total charged to Annually Managed Expenditure	**0**	**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	0	0
Over Specification of Assets	0	0	0
Abandonment of Assets in the Course of Construction	0	0	0
Unforeseen Obsolescence	0	0	0
Loss as a Result of a Catastrophe	0	0	0
Other (Free text note required)*	0	0	0
Changes in Market Price	0	0	0
TOTAL impairments for Investment Property charged to Reserves	**0**	**0**	**0**
Total Investment Property Impairments	**0**	**0**	**0**
Total Impairments charged to Revaluation Reserve	399	0	0
Total Impairments charged to SoCNE - DEL	0	0	0
Total Impairments charged to SoCNE - AME	421	0	421
Overall Total Impairments	**820**	**0**	**421**
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

At 31 March 2013, the PCT does not hold any investment property (31 March 2012: £nil)

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	273	0	1,719	0
Balances with Local Authorities	87	0	1,331	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	535	0	4,469	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	414	0	17,988	0
At 31 March 2013	**1,309**	**0**	**25,507**	**0**
prior period:				
Balances with other Central Government Bodies	447	0	820	0
Balances with Local Authorities	65	0	1,356	0
Balances with NHS Trusts and Foundation Trusts	2,807	0	6,350	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	327	0	19,003	0
At 31 March 2012	3,646	0	27,529	0

18 Inventories

At 31 March 2013, the PCT does not have any inventories (31 March 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	**698**	1,914	**0**	0
NHS receivables - capital	**0**	0	**0**	0
NHS prepayments and accrued income	**0**	996	**0**	0
Non-NHS receivables - revenue	**579**	238	**0**	0
Non-NHS receivables - capital	**0**	0	**0**	0
Non-NHS prepayments and accrued income	**77**	188	**0**	0
Provision for the impairment of receivables	**(135)**	(34)	**0**	0
VAT	**90**	344	**0**	0
Current part of PFI and other PPP arrangements prepayments and a	**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**	0	**0**	0
Total	**1,309**	3,646	**0**	0
Total current and non current	**1,309**	3,646		

The great majority of trade is with other NHS bodies, including other PCTs as commissioners for NHS patient care services. As PCTs 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	**248**	279
By three to six months	**19**	521
By more than six months	**27**	212
Total	**294**	1,012

19.3 Provision for impairment of receivables

	2012-13 £000	2011-12 £000
Balance at 1 April 2012	**(34)**	(1,141)
Amount written off during the year	**0**	332
Amount recovered during the year	**17**	775
(Increase)/decrease in receivables impaired	**(118)**	0
Balance at 31 March 2013	**(135)**	(34)

The PCT considers debtors for signs of impairment on a debtor by debtor basis and provides for the debt based on specific knowledge of the debtor, the payment arrangements, and length of time outstanding.

20 NHS LIFT investments

	Loan £000	Share capital £000	Total £000
Balance at 1 April 2012	**236**	**287**	**523**
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	**236**	**287**	**523**
Balance at 1 April 2011	236	287	523
Additions	0	0	0
Disposals	0	0	0
Loan repayments	0	0	0
Revaluations	0	0	0
Loans repayable within 12 months	0	0	0
Balance at 31 March 2012	236	287	523

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	**523**	523
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	**523**	523

22 Other current assets

At 31 March 2013, the PCT does not hold any other current assets (31 March 2012: £nil)

23 Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Opening balance	27	23
Net change in year	127	4
Closing balance	**154**	27
Made up of		
Cash with Government Banking Service	154	27
Commercial banks	0	0
Cash in hand	0	0
Current investments	0	0
Cash and cash equivalents as in statement of financial position	**154**	27
Bank overdraft - Government Banking Service	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in statement of cash flows	**154**	27
Patients' money held by the PCT, not included above	**0**	0

24 Non-current assets held for sale

At 31 March 2013, the PCT does not hold any non-current assets for sale (31 March 2012: £nil)

25 Trade and other payables

	Current		Non-c
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**
Interest payable	0	0	0
NHS payables - revenue	6,188	7,170	0
NHS payables - capital	0	0	0
NHS accruals and deferred income	0	0	0
Family Health Services (FHS) payables	6,859	6,629	0
Non-NHS payables - revenue	2,658	2,106	0
Non-NHS payables - capital	0	94	0
Non_NHS accruals and deferred income	9,433	11,530	0
Social security costs	369	0	0
VAT	0	0	0
Tax	0	0	0
Payments received on account	0	0	0
Other	0	0	0
Total	**25,507**	27,529	**0**
Total payables (current and non-current)	**25,507**	27,529	

26 Other liabilities

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

27 Borrowings

	Current		Non-c
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**
Bank overdraft - Government Banking Service	0	0	0
Bank overdraft - commercial banks	0	0	0
PFI liabilities:			
Main liability	0	0	0
Lifecycle replacement received in advance	0	0	0
LIFT liabilities:			
Main liability	62	61	13,190
Lifecycle replacement received in advance	0	0	0
Finance lease liabilities	0	0	0
Other	0	0	0
Total	**62**	61	**13,190**
Total other liabilities (current and non-current)	**13,252**	13,313	

Borrowings/Loans - Payment of Principal Falling Due in:

	DH £000s	**Other £000s**	**Total £000s**
0 - 1 Years	0	62	**62**
1 - 2 Years	0	16	**16**
2 - 5 Years	0	10	**10**
Over 5 Years	0	13,164	**13,164**
TOTAL	**0**	**13,252**	**13,252**

28 Other financial liabilities

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
Embedded Derivatives at Fair Value through SoCNE	0	0	0	0
Financial liabilities carried at fair value through SoCNE	0	0	0	0
Amortised Cost	0	0	0	0
Total	**0**	0	**0**	0
Total other liabilities (current and non-current)	**0**	0		

29 Deferred income

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

30 Finance lease obligations

At 31 March 2013, the PCT does not hold any finance lease receivables as lessee (31 March 2012: £nil). The PCT's LIFT schemes are detailed in note 34 to these accounts

32 Provisions

	Total £000s	Pensions Relating to Other Staff £000s	Legal Claims £000s	Continuing Care £000s	Other £000s	Redundancy £000s
Balance at 1 April 2012	**2,803**	1,583	6	1,029	38	147
Arising During the Year	**2,310**	191	10	2,109	0	0
Utilised During the Year	**(526)**	(189)	(6)	(160)	(24)	(147)
Reversed Unused	**(165)**	(165)	0	0	0	0
Unwinding of Discount	**46**	46	0	0	0	0
Change in Discount Rate	**0**	0	0	0	0	0
Transferred (to)/from other Public Sector bodies	**0**	0	0	0	0	0
Balance at 31 March 2013	**4,468**	**1,466**	**10**	**2,978**	**14**	**0**
Expected Timing of Cash Flows:						
No Later than One Year	3,178	176	10	2,978	14	0
Later than One Year and not later than Five Years	0	0	0	0	0	0
Later than Five Years	1,290	1,290	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	253
As at 31 March 2012	1,064

At 31 March 2013, £253,221 is included in the provisions of the NHS Litigation Authority, and not in the provisions of the PCT, in respect of clinical negligence liabilities of the PCT (31 March 2012: £1,064,396).

At 31 March 2013, the Continuing Care provision of £2,978,504 (31 March 2012: £1,029,723) represents claims expected to be settled in 2013-14 for the restitution of care home fees from 2002 onwards. The provision is an estimate based upon previous claims experience and upon an estimate of costs incurred.

At 31 March 2013, the Pensions Relating to Other Staff of £1,465,646 (31 March 2012: £1,582,827) relates to pre-March 1995 early retirement claims and is based on the average life expectancy for the United Kingdom as published by the Office for National Statistics.

At 31 March 2013, other provisions include an Information, Management and Technology provision for £14,116 (31 March 2012: £37,778) relating to potential IT infrastructure costs. Payment of the amount included in the provision is dependent on GP practices attaining certain agreed standards with regards to their IT infrastructure. There is no guarantee that all the relevant practices will acheive these standards.

33 Contingencies

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

34 PFI and LIFT - additional information

The PCT has three LIFT schemes which are included in its SoFP.

- Litherland Town Hall - 25 year LeasePlus agreement expiring 5 July 2030. The fair value of the land and buildings at inception was £5.3m (31 March 2013: £3.7m).

- Church Street - 30 year Lease Plus agreement expiring 30 November 2037. The fair value of the land and buildings at inception was £6.2m (31 March 2013: £4.8m).
- Ainsdale Centre of Health and Wellbeing - 25 year LeasePlus agreement expiring 15 april 2030. The fair value of the land and buildings at inception was £2.5m (31 March 2013: £2.1m).

The PCT has the option to acquire all three buildings on maturity of the respective leases at a discount to fair value. Lease payments are linked to the UK inflation rate.

The annual Lease Plus payments for the above properties include lifecycle costs which ensure that the building is transferred to the PCT at the end of the lease term, should the option to purchase be exercised, in a high state of maintenance.

The lease agreements entitle the PCT to occupy and use the facilities of the three properties for the duration of the leases. The lease agreements grant an option to the PCT to purchase each of the three properties together with fixtures and fittings, plant and machinery at a discount to fair value at the end of the lease term as determined by an independent valuer. The leases contain no break clauses.

Under IFRIC12, the three properties described above are treated as assets of the PCT; the substance of the lease agreement is that the PCT has a finance lease and payments comprise two elements:

1. Imputed finance lease charges;

2. Service charges which cover facilities management in relation to each of the properties and lifecycle costs.

34.1 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	1,190	1,190
Total	**1,190**	1,190

	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	1,364	1,334
Later than One Year, No Later than Five Years	5,737	5,637
Later than Five Years	28,529	29,995
Total	**35,630**	36,966

The estimated annual payments in future years are expected to be materially different from those which the PCT 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	1,567	1,529
Later than One Year, No Later than Five Years	6,670	6,507
Later than Five Years	21,834	22,890
Subtotal	**30,071**	30,926
Less: Interest Element	(16,819)	(17,613)
Total	**13,252**	13,313

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	**196**	196	0
Interest Expense	**938**	938	0
Impairment charge - AME	**0**	0	0
Impairment charge - DEL	**0**	0	0
Other Expenditure	**0**	0	0
Revenue Receivable from subleasing	**(27)**	(27)	0
Total IFRS Expenditure (IFRIC12)	**1,107**	1,107	0
Revenue consequences of LIFT/PFI schemes under UK GAAP / ESA95 (net of any sublease income)	**(972)**	(972)	0
Net IFRS change (IFRIC12)	**135**	**135**	**0**

Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12	
Capital expenditure 2011-12	0
UK GAAP capital expenditure 2011-12 (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'**	**Loans and receivables**	**Available for sale**	**Total**
	£000	**£000**	**£000**	**£000**
Embedded derivatives	0	0	0	**0**
Receivables - NHS	0	698	0	**698**
Receivables - non-NHS	0	579	0	**579**
Cash at bank and in hand	0	154	0	**154**
Other financial assets	0	236	287	**523**
Total at 31 March 2013	**0**	**1,667**	**287**	**1,954**
Embedded derivatives	0	0	0	0
Receivables - NHS	0	1,914	0	1,914
Receivables - non-NHS	0	238	0	238
Cash at bank and in hand	0	27	0	27
Other financial assets	0	236	287	523
Total at 31 March 2012	0	2,415	287	2,702

36.2 Financial Liabilities	**At 'fair value through profit and loss'**	**Other**	**Total**
	£000	**£000**	**£000**
Embedded derivatives	0	0	**0**
NHS payables	0	6,188	**6,188**
Non-NHS payables	0	18,950	**18,950**
Other borrowings	0	13,252	**13,252**
PFI & finance lease obligations	0	0	**0**
Other financial liabilities	0	0	**0**
Total at 31 March 2013	**0**	**38,390**	**38,390**
Embedded derivatives	0	0	0
NHS payables	0	7,170	7,170
Non-NHS payables	0	8,829	8,829
Other borrowings	0	13,313	13,313
PFI & finance lease obligations	0	0	0
Other financial liabilities	0	0	0
Total at 31 March 2012	**0**	29,312	29,312

37 Related Party Transactions

The PCT is a corporate body established by order of the Secretary of state for Health. In accordance with the national policy of the 'clustering' of primary care trusts, with effect from 1 June 2011, NHS Merseyside (primary care trust cluster) assumed responsibility as the corporate body with the PCT's in the cluster operating under a single board. During financial year 2012-13 the following transactions took place between the PCT and organisations that have a related party relationship with board members or senior staff of the cluster. For 2012-13 related party transactions are based on interests disclosed by members of the cluster board and senior staff, as these persons have control and significant influence over the organisation.

2012-2013

					2012-2013			
		Role with PCT	Role within related partv	Related partv	Payments to Related Party £000	Receipts from Related Partv £000	Amounts owed to Related Partv £000	Amounts due from Related Partv £000
NHS Merseyside Cluster Board								
	Gideon Ben-Tovim	Chair	Senior Fellow	University of Liverpool, Dept of Sociology	4	17	0	12
	Keith Cawdron	Non Executive Director	Chief Executive	St Joseph's Hospice Association	699	0	10	0
			Member of Governing Body	Naomi Care	547	0	0	0
			Spouse	Hugh Baird College	5	0	4	0
	David Merrill	Audit Committee Chair, Non Executive Director	Lay member Research review panel and Internal Patient Information Publication Group	St Helens & Knowsley Hospitals NHS Trust	2,540	0	18	0
	Maureen Williams	Non Executive Director	Fellow	Liverpool John Moores University	47	0	0	0
	Peter Hinton	Non Executive Director	Senior manager	Liverpool John Moores University	47	0	0	0
	Dr Kieran Murphy	Medical Director	Partner	Moore Street Surgery	406	0	0	0
	Clare Dusoan	Accountable Officer	Member	Merseycare NHS Trust	78,195	0	78	0
	Marie Rice	Board Member	Spouse	Halton & St. Helens PCT	130	65	10	0
	Phil Wadeson	Director of Finance	Director of Finance	Western Cheshire	47,793	33	0	0

Phil Wadeson (Director of Finance) was appointed as the joint Director of Finance for NHS Merseyside Cluster and the NHS Cheshire, Warrington and Wirral (CWW) Cluster for the period 1 September 2012 to 31 January 2013 and continued to support the NHS CWW Cluster to the end of January 2013. He is deemed to have a related party interest in all four of the NHS CWW Cluster PCTs, however only Western Cheshire PCT transactions are deemed to be material to both parties and are detailed above.

Sefton PCT Management								
	Martin McDowell	Director of Finance	Partner	Assistant Director of Finance Liverpool Community Healthcare NHS Trust	33,163	1,252	97	225
			Deputy Director of Finance	Halton & St. Helens PCT	130	65	10	0
	Janet Atherton	Director of Public Health	Spouse	Wirral University Teaching Hospitals NHS Foundation Trust	352	0	0	0
			Director of Public Health	Sefton Metropolitan Borough Council	15,745	139	1,316	74
	Tom Jackson	Director of Finance	Spouse	The Walton Centre for Neurology and Neurosurgery NHS Foundation Trust	3,682	0	38	0

The PCT operated as part of NHS Merseyside which is a cluster consisting of Sefton PCT, Liverpool PCT, Knowsley PCT and Halton and St. Helens PCT. As directors and non-executive directors of the cluster board are drawn from the four PCT's, they are all deemed to be related parties.

The Department of Health is regarded as a related party the parent department. During the year the 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. These entities are

		Payments to Related Party £000	Receipts from Related Party £000	Amounts owed to Related Party £000	Amounts due from Related Party £000
Cluster PCT s	Liverpool PCT	4,445	265	1,408	51
	Halton And St Helens PCT	130	65	10	0
	Knowsley PCT	232	3,459	54	102
Other NHS Organisations	Aintree University Hospitals NHS Foundation Trust	92,537	0	399	0
	Merseycare NHS Trust	28,130	0	20	0
	Southport & Ormskirk Hospital NHS Trust	88,765	436	965	15
	Alder Hey Childrens NHS Foundation Trust	12,677	0	41	0
	Royal Liverpool & Broadgreen Hospitals NHS Trust	17,685	0	466	0
	Liverpool Community Health NHS Trust	33,163	1,252	97	225
	NHS North West	0	522	0	0
	NHS Litigation Authority	136	0	54	0
	Prescription Pricing Authority	47,964	0	6,859	0
	NHS Pensions Agency	1,801	0	0	0

In addition, the PCT has had a significant number of transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with the Department of Education and Employment in respect of University Hospitals and Sefton Metropolitan Borough Council in respect of joint enterprises.

2011-2012

					2011-2012			
		Role with PCT	Role within Related Partv	Related partv	Payments to Related Party £000	Receipts from Related Party £000	Amounts owed to Related Party £000	Amounts due from Related Party £000
	Janet Atherton	Board Member	Spouse	Wirral University Teaching Hospital NHS Foundation Trust	420	0	7	0
	Tom Jackson	Board Member	Spouse	The Walton Centre for Neurology and Neurosurgery NHS Foundation Trust	537	0	247	0
	Marie Rice	Board Member	Spouse	Halton & St Helens PCT	292	14	62	9
	Fiona Clark	Board Member		Aintree University Hospitals NHS Foundation Trust	91,983	0	1,333	0
	Barbara Strong	Board Member	Spouse	St Helens and Knowsley Hospitals NHS Trust	2,302	0	0	0
			Son	Aintree University Hospitals NHS Foundation Trust	91,983	0	1,333	0
	Keith Cawdron	Board Member		St Joseph's Hospice Association	500	0	0	0
	Keith Cawdron	Board Member		Naomi Care Society	398	0	0	0
	Dr Kieran Murphy	CEC Member		Exacta Medico Legal Ltd	45	0	0	0
				Moore Street Surgery	4	0	0	0
				Rise lane Surgery	7	0	0	0
	Roger Pontefract	Board Member		Heart Of Mersey	1	0	0	0
				Sefton Council For Voluntary Service	408	0	0	0
	Deborah Shackleton	Board Member		Liverpool John Moores University	221	0	0	0
	Paul Cummins	Board Member		Merseyside Third Sector Technology Group	0	0	0	0
				Sefton Carers Centre	578	10	0	0
				Sefton Council For Voluntary Service	408	0	0	0
			Spouse	Southern Cross Healthcare	205	0	0	0
				Sefton Metropolitan Borough Council	18,375	591	1,356	48
				Four Seasons Healthcare	2	0	0	0
	Rosemary Medley	Board Member		Knowsley PCT	293	96	93	15
	Gideon Ben-Tovim	Board Member		University of Liverpool	7	0	5	0

The PCT operated as part of NHS Merseyside which is a cluster consisting of Sefton PCT, Liverpool PCT, Knowsley PCT and Halton and St. Helens PCT. As directors and non-executive directors of the cluster board are drawn from the four PCT's, they are all deemed to be related parties.

The Department of Health is regarded as a related party the parent department. During the year the 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. These entities are

		Payments to Related Party £000	Receipts from Related Party £000	Amounts owed to Related Party £000	Amounts due from Related Party £000
Cluster PCT s	Liverpool PCT	4,181	193	486	0
	Halton And St Helens PCT	313	14	113	9
	Knowsley PCT	250	36	92	10
Other NHS Orsanisations	Aintree University Hospitals NHS Foundation	91,983	0	1,333	0
	Merseo Care NHS Trust	26,328	3	149	0
	Southport & Ormskirk Hospital NHS Trust	88,961	1,317	1,752	1,309
	Alder Hev Childrens NHS Foundation Trust	13,025	0	110	0
	Royal Liverpool & Broadgreen Hospitals NHS Trust	17,296	0	50	0
	Liverpool Community Health	32,225	1,158	36	1,300
	North West Strateoic Health Authority	3	563	15	15
	NHS Litigation Authority	11	0	76	0
	Prescription Pricing Authority	47,595	0	6,616	0
	NHS Pensions Agency	1,931	0	0	0

In addition, the PCT has had a significant number of transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with the Department of Education and Employment in respect of University Hospitals and Sefton Metropolitan Borough Council in respect of joint enterprises.

38 Losses and special payments

The PCT incurred no losses or special payments during the years ended 31 March 2013 and 2012.

39 Events after the end of the reporting period

Under the provisions of The Health and Social Care Act 2012 (Commencement No.4. Transitional, Savings and Transitory Provisions) Order 2013, the PCT was di
1st April 2013. The PCT's services, assets and liabilities transferred to other public sector bodies as of that date.

The transfer of the assets and liabilities of the PCT falls to be accounted for by the use of absorption accounting.

The main functions carried out by the PCT in 2012/13 are to be carried out in 2013/14 by the following public sector bodies.
Approximately £133 million of services, including Primary Care and Dental, have transferred to the National Commissioning Board

Other services, mainly Secondary Care and Prescribing, totalling approximately £397 million have been transferred to NHS South Sefton CCG and NHS Southport
Formby CCG (together, the CCG's) on a 60/40 split, respectively. The split between the two CCG's is based on a "fair shares" allocation which takes into account fa
such as population, deprivation levels and the healthcare requirements of the two geographical areas.