Department of Health

NHS

Hertfordshire Primary Care Trust

2012-13 Annual Report and Accounts

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2012-13 Annual Report

NHS Hertfordshire

2012/2013

Annual Report and Accounts

Published September 2013

Welcome

We are proud to present the final annual report for NHS Hertfordshire, for 2012/13. From the end of March 2013 NHS Hertfordshire, along with all other Primary Care Trusts (PCTs) in England, ceased to exist and the responsibility for commissioning the majority of health services transferred to the newly formed Clinical Commissioning Groups (CCGs) – East and North Herts and Herts Valleys.

During the year we have worked with the CCGs to prepare them take on their commissioning responsibilities and with the new Central Eastern Commissioning Support Unit helping them all to develop into effective organisations. We have also seen our public health and primary care commissioning functions move into Hertfordshire County Council and the Area Team of NHS England respectively.

At the same time as these great changes have taken place we have also continued to deliver "the day job", ensuring that people in Hertfordshire have access to high quality health services when they need them; to encourage people to take up routine screening and immunisation – such as the flu jab – to help more people to quit smoking and to introduce new services that help people to get access to the right urgent care, such as the successful launch of the NHS 111 service.

While this annual report details the work we have undertaken in the past year, as it is our last we would also like to take the opportunity to reflect on some of our achievements since we were established.

NHS Hertfordshire began as eight primary care trusts that merged in October 2006 to become two, East and North Hertfordshire Primary Care Trust and West Hertfordshire Primary Care Trust. These two PCTs inherited a deficit of £84M and their immediate challenge was to develop a strategy that would clear this deficit and lay the foundations for creating a sustainable health service for Hertfordshire. Implementation of this strategy – Delivering Quality Healthcare for Hertfordshire – continues and the PCT will hand over responsibility for delivering it to the two new CCGs.

Our provider arm comprising teams such as health visitors, community nurses and therapists who deliver crucial services to people in community hospitals, clinics and within their own homes, became an NHS trust – Hertfordshire Community NHS Trust - in their own right in November 2010.

2010 also saw the merger of the two Hertfordshire primary care trusts to form NHS Hertfordshire.

Other significant achievements since 2006 include the opening of two new primary care walk in centres to improve access to GP services, helping thousands of people to give up smoking, supporting people during the swine flu pandemic of 2009/10, and developing an intermediate care strategy that brings care closer to home.

None of these achievements would have been possible without the dedication of our most valued asset – our staff. On behalf of the NHS Hertfordshire Board members past and present, we would like to take this opportunity to extend our sincere thanks to each and every member of staff for their continuing commitment and service during a year of exceptional change and years of exceptional achievements. There remain many challenges facing the new CCGs, the NHS Commissioning Board, the Commissioning Support Unit and Public Health. Yet the legacy that NHS Hertfordshire passes over to the new organisations is one that we can all be proud of.

Jane Halpin
Chief Executive

Stuart Bloom
Chair

About us

Our history and background
NHS Hertfordshire (the primary care trust) came into being on 1 April 2010 following the merger of NHS East and North Hertfordshire and NHS West Hertfordshire. It is responsible for commissioning health services for the people of Hertfordshire until it is abolished at the end of March 2013.

Our role as local leaders of the NHS
We hold the vast majority of the NHS budget locally and are the lead health commissioning organisation in the county.

Commissioning means that we assess the health needs of our population then use our resources to buy services from hospitals and other providers such as mental health trusts, GPs and dentists to meet those needs. By doing this we can have a positive impact on the health and wellbeing of the local population. We also fund the cost of medicines and treatments prescribed by GPs and nurse prescribers.

We commission services in a number of ways:

- Directly with providers such as hospitals
- Locality commissioning – where GPs and other clinical staff can design services that meet the needs of their patients in a particular area
- Primary care commissioning – this involves services provided by GPs, community pharmacists, dentists and optometrists

Sharing the commissioning of services - this means that we join together with Hertfordshire County Council and we both contribute some of our budgets (a total of around £315m) to a partnership which then arranges mental health and learning disability services in the county. We use most of this money to commission services from Hertfordshire Partnership NHS Foundation Trust and from the county council's Health and Community Services (previously known as Adult Care Services).

Providing care
NHS Hertfordshire is a commissioning organisation and does not directly provide care for patients.

Community services are provided to our residents mainly by Hertfordshire Community NHS Trust and the county has two trusts providing hospital services: East and North Hertfordshire NHS Trust and West Hertfordshire Hospitals NHS Trust. Mental health and learning disability services are provided by Hertfordshire Partnership NHS Foundation Trust.

How we are managed
We are managed by a Board of non executive and executive directors. The executive directors are employed by the PCT and the non executive directors are independent people who work on a part time basis, to make sure that we act in the best interests of the public.

The Board is responsible for ensuring we meet our performance targets and also oversees the work of the Clinical Standards Committee. This committee is made up of GPs and other clinical staff who advise us on clinical matters.

During the year two shadow clinical commissioning groups were established ready to take over commissioning responsibility from NHS Hertfordshire in April 2013.

Non executive directors:

- Stuart Bloom, Chair
- Mary Compton
- Linda Farrant
- Eliza Hermann
- Paul Smith
- Kate Watts

Executive directors:

- Dr Jane Halpin, Chief Executive
- Dr Mike Edwards, Chair of the Clinical Standards Committee and Medical Director
- Alan Farmer, Director of Workforce Transformation
- Beverley Flowers, Director of System Management
- Heather Moulder, Director of Nursing
- Andrew Parker, Director of Primary Care Development and Corporate Services
- Alan Pond, Director of Finance and Productivity. Alan was also Interim Chief Executive for Herts Valleys CCG (from September 2011)
- Lesley Watts, Director of Operations and Interim Chief Executive, East and North Hertfordshire CCG (from September 2011)
- John Webster - Director of Strategy and Performance (from November 2011)

Location and type of facilities provided

Our head office is in the heart of Welwyn Garden City. The vast majority of our staff are based here although we still have a small number of staff based in other parts of the county.

Key issues for NHS Hertfordshire during the year

1 NHS transition

As the move towards NHS reforms entered its final phase, we have focused much of our attention on working with those teams who will lead the new NHS organisations post April 2013 and supporting those staff who will take up roles within those new organisations.

Clinical Commissioning Groups

Clinical Commissioning Groups – known as CCGs – are governed by a Governing Body that is mainly made up of local GPs and also includes a nurse, patient representatives, a secondary

care (hospital) doctor along with executive officers such as the Accountable Officer and Chief Finance Officer.

Hertfordshire has two large Clinical Commissioning Groups, Herts Valleys CCG (commissioning services on behalf of patients registered with a GP in Dacorum, Hertsmere, St Albans, Three Rivers and Watford) and East and North Hertfordshire CCG (commissioning services on behalf of patients registered with GP in Broxbourne, East Herts, North Herts, Stevenage and Welwyn Hatfield). Practices in Royston have joined with the clinical commissioning group in Cambridgeshire and Peterborough.

Hertfordshire Clinical Commissioning Groups

East and North Hertfordshire Clinical Commissioning Group (ENHCCG)
ENHCCG was among the first group of CCGs to be authorised. It received authorisation from the NHS Commissioning Board (NHS CB) on 12 December 2012, ready to take on its statutory role of commissioning health services for patients in the local community in April 2013.

During the year, the CCG agreed its constitution and designed its committee structure. In setting priority workstreams, it identified success in reducing spend on elective care as a key issue and the focus for the year has been on improving quality and reducing expenditure on unplanned care.

Working in partnership with Hertfordshire County Council and Hertfordshire Community NHS Trust, ENHCCG has also focussed on developing an innovative new model of care that supports patients at home and enables avoidance of inappropriate hospital admissions – Home First. HomeFirst will help develop more effective ways of delivering community services, in both health and social care, to achieve better health outcomes and quality and cost-effective ways of working.
Find out more www.enhertsccg.nhs.uk

Herts Valleys Clinical Commissioning Group
Herts Valleys Clinical Commissioning Group (HVCCG) received authorisation from NHS Commissioning Board on 31 January 2013.

Ensuring that patients are fully involved in all aspects of commissioning is vitally important to HVCCG. It has a substantial and growing “membership” of people who want to help to achieve that by doing things like reading and commenting on materials, getting involved in work that relates to a specific health condition – diabetes for example – or by attending events, meetings or joining a committee.

HVCCG has worked with patients, clinicians, colleagues from general practice, local stakeholders and many others to establish their priority work areas in the coming years. These are: children, young people and maternity; older people and complex care; mental health; planned and primary care and urgent care. HVCCG is also focused on making sure

that all the services it commissions on behalf of its patients are of the best quality, give good clinical outcomes and remain within budget.
Find out more at www.hertsvalleysccg.nhs.uk

NHS Commissioning Board
The NHS Commissioning Board has been leading on the development of the new commissioning system including overseeing authorisation of CCGs. It also took on its full statutory responsibilities in April 2013. The NHS Commissioning Board remains responsible for commissioning specialised and primary care health services - those provided by GPs, dentists, community pharmacists and optometrists. It also has a number of additional responsibilities including patient safety and clinical leadership.
Find out more at www.commissioningboard.nhs.uk

NHS CB Local Area Team
Hertfordshire and South Midlands is one of the eight local area teams (LATs) that make up the Midlands and East of England region and is one of the largest LATs, serving a population of 2.7 million people. As well as being responsible for commissioning primary care it will also oversee the commissioning work of our CCGs and be responsible for emergency planning, quality and safety. Responsibility for commissioning NHS screening eg breast, bowel and cervical also lies with the NHS CB LAT.

Commissioning Support Unit
A commissioning support unit – Central Eastern Commissioning Support Unit – has been set up to provide services for Hertfordshire's CCGs and others. Its portfolio of services is wide-ranging and includes contract support, business intelligence, medicines management, continuing healthcare placements, Information Technology and communications and engagement.

Public health
Our team of public health consultants and specialists transferred to Hertfordshire County Council also on 1 April 2013. The county council already plays a significant role in helping Hertfordshire's residents to stay healthy and this transfer will mean that the support and advice they can offer residents will be even more effective. Services that transferred include the Hertfordshire Stop Smoking Service and the Chlamydia Screening Service

2 Milestones

QEII Hospital
Plans for the development of the new QEII Hospital in Welwyn Garden City have progressed well this year, culminating in the contracts being signed to enable the building work to begin as one of the very last activities for NHS Hertfordshire.

The New QEII, on the exiting Howlands site, will provide a wide range of local health services that patients use most often. When acute specialist care transfers to the Lister Hospital in Stevenage, the New QEII will continue to provide local health services for over 250,000 patients each year.

The new hospital, which will open in spring 2015, will include a local A&E facility – available 24 hours a day, every day of the year – to look after the vast majority of people who currently use the A&E service at the QEII. Other services at the hospital will include:

- General outpatients
- GP services, including overnight and at weekends
- Diagnostics – such as CT and MRI scans, x-rays and ultrasound
- Rapid Assessment Unit – for patients who need urgent assessment and diagnostics but do not need to be admitted into hospital
- Endoscopy and day treatments
- Ante and post natal services
- A dedicated children's centre
- Therapy services, such as physiotherapy and occupational therapy
- The breast unit
- Pharmacy

Lister Hospital

During 2012-13 a number of changes took place at the Lister Hospital in Stevenage as part of the Delivering Quality Health Care for Hertfordshire programme: work began in June 2012 to create the new £19.3 million emergency department. Scheduled for completion in the autumn of 2014, the new facility will have specialist emergency and urgent care services for both adults and children and improved radiology services, including a new CT scanner. And in December 2012, East and North Hertfordshire Hospitals Trust was given the go ahead to create two new major facilities at the Lister, a new £18.6 million block at the front of the hospital, which will house 62 inpatients beds and a £20.5 million new theatres and endoscopy block. Work on the new facilities started in early 2013 and the new services will be ready by the end of 2014.

Royston Hospital

Following a board decision to close Royston and Hitchin hospitals, which were no longer able to provide the environment required for modern healthcare, Royston Hospital closed to inpatients in April 2012. A new independent care home will be built on the site of the hospital, which will provide intermediate care beds for local people as part of Hertfordshire's strategy for intermediate care, developed with Hertfordshire County Council (HCC). This aims to provide beds in locations across the county so people can be cared for nearer to where they live.

NHS Hertfordshire has been working closely with HCC and the Cambridgeshire and Peterborough Clinical Commissioning Group in the search for a provider to develop the new care home with NHS funded intermediate care beds.

A jointly run tender process was started in mid-December, and the tender award is due to be announced in spring 2013.

The home is due to open in mid 2015 and will have at least 40 beds. While the new building is being constructed, the intermediate care beds are being offered in a local care home, with patients supported by the nurses and therapists from the local community team. Outpatient services continue to be provided on the hospital site until they are moved to the Royston Health Centre.

Watford General Hospital
Development work on Watford General Hospital's Maternity Unit got underway in February following a Department of Health award of £537,000. A major part of the funding will be dedicated to upgrading the birthing pool rooms and other equipment on the Alexandra Birth Centre. The remaining funding will be used on improvements to the breast-feeding and parents facilities on the Special Care Baby Unit and some funding will be dedicated to providing an additional suite to support families who sadly experience bereavement.

Hemel Hempstead Hospital
Herts Valleys CCG recognises the importance of continuing the redevelopment of the Hemel Hempstead Hospital site and will continue to work with West Hertfordshire Hospitals Trust to deliver this. They also realise that only by having active public engagement will they be able to take an informed view of the future of the Hemel Hempstead Hospital site. A new clinical vision for the residents of west Hertfordshire is now being developed and when this is finalised in the summer of 2013 it will be used as a basis for the development of clinical services on all hospital sites in west Hertfordshire.

3 Campaigns

As part of our activities to help improve the health of people in Hertfordshire and to reduce causes of ill health, we have run a number of health campaigns focusing on key issues such as the seasonal flu vaccination, services available to help you stop smoking, how to spot the early signs and symptoms of certain types of cancer, chlamydia screening for 15-24 year olds and how to find a local NHS dentist. We have also helped to keep people informed about where to find the right health service through information campaigns such as the NHS 111 telephone service, Let's Use it Right and Making Every Contact Count.

NHS 111
The NHS 111 telephone service was introduced to make it easier for people to get healthcare services when they need medical help fast, but it's not a life-threatening situation. NHA 111 also replaced the GP out of hours service telephone number for Hertfordshire. Now, if people need to contact the NHS for urgent care there are just three numbers: 999 for life-threatening emergencies; their GP practice; and 111.

Continuing healthcare review
We ran a campaign to raise awareness of the closing date by which applications for review of continuing healthcare funding should be submitted. The reviews concern cases where patients, carers and families paid for all or part of the care they received and who believe the NHS should have funded that care.

Working with our partners

Improving healthcare for people with learning disabilities
We continued with our work to improve healthcare for people with learning disabilities and their families by making services more accessible, inclusive and safe. As part of this programme we worked with Hertfordshire County Council, Hertfordshire Community Trust and service users to ensure adults with a learning disability access national screening programmes, specifically diabetic retinal screening.

- Repetition of the Learning Disabilities Health Self Assessment Framework revealed improvements in hospital services for people with learning disabilities and a commitment from Hertfordshire Community NHS Trust to deliver improvements across their services.
- The health liaison team held training in learning disability awareness in conjunction with self advocates and family carers.
- A partnership between Health and Community Services, West Hertfordshire Hospitals NHS Trust and Hertfordshire Community NHS Trust worked to develop and launch a toolkit for palliative care for people with learning disabilities.
- We held the "Love Your Life…Love Yourself" event on 14 February to help people with learning disabilities improve their knowledge about annual health checks and how to maintain their wellbeing

Implementation of intermediate care strategy
During the past year, the PCT has made good progress in implementing its intermediate care strategy. Intermediate care is a range of integrated health and social care services that aim to promote faster recovery from illness, prevent unnecessary admission to hospital or to long term residential care and to maximise chances of continued independent living.

We moved forward with plans to buy intermediate care beds in local care homes so that more patients can be looked after closer to where they live. Following the closure of Royston and Hitchin community hospitals, and after a detailed tender process, the partnership of Quantum Care and Hertfordshire Community NHS Trust now provide intermediate care services - including nursing and therapy staff from local community teams – at three care homes across North Hertfordshire and Stevenage.

Home First
HomeFirst is an innovative new model of care that supports patients at home and enables avoidance of inappropriate hospital admissions. Two different models are being piloted - one in the Lower Lea Valley area of east and north Hertfordshire and one in the Hertsmere district of west Hertfordshire.

HomeFirst will help develop more effective ways of delivering community services, in both health and social care, to achieve better health outcomes and quality and cost-effective ways of working.

The two projects are a result of joint working between each of Hertfordshire's two new clinical commissioning groups with Hertfordshire Community Trust and Hertfordshire County Council, and both aim to commission and ensure delivery of a new fully integrated community service for patients with long term conditions.

Both models of care centre on a number of key elements:

- A list of those patients with chronic conditions most at risk of admission to acute hospitals;
- Single point of access for referrers;
- Rapid response team for patients;
- All elements of health and social care working in a structurally integrated way.

The aim of both models is to ensure better management of patients with chronic conditions and prevent inappropriate admissions to acute hospitals. It will also reduce nursing and residential home placements and patients will have a better understanding of their conditions and how to manage it themselves. The new models will reduce the duplications and gaps that occur when care is not fully integrated.

Partnership with NHS Trusts
We work closely with NHS trusts providing acute, community and mental health services in the county. These are:

- East and North Hertfordshire NHS Trust –manages Hertford County Hospital, Lister Hospital, QEII Hospital and Mount Vernon Cancer Centre
- Hertfordshire Community NHS Trust - responsible for delivering a wide range of community health services across Hertfordshire
- Hertfordshire Partnership NHS Foundation Trust –provides health and social care for people with mental ill health and those with a learning disability.
- West Hertfordshire Hospitals NHS Trust –manages Watford General Hospital, Hemel Hempstead General Hospital and St Albans City Hospital. It addition it provides some day and community health services, including midwifery, throughout west Hertfordshire.

Health and Wellbeing Board
The shadow Health and Wellbeing Board has been in place in Hertfordshire since July 2011. The board is chaired by Hertfordshire County Council's executive member for children's services and includes representation from NHS Hertfordshire, the two Hertfordshire clinical commissioning groups, Hertfordshire HealthWatch and the district and borough councils.

Work has focused on establishing the role and function of the board and identifying critical issues, where rapid action is required to ensure we are well placed to respond to the health and wellbeing needs of our population. Obesity continues to be one of the county's most pressing issues and the board has endorsed the policies developed by the CCGs and PCT to ask very overweight patients to lose weight and stop smoking before undergoing routine

surgery. Among other key issues are reducing smoking, managing long-term conditions and promoting good mental health including helping people live well with dementia.

A Health and Wellbeing Strategy 2013-2016 has been published, which plans for the Board's function after it is formalised in April 2013. The Board sets out to tackle health inequalities by promoting its goals of healthy living, promoting independence and flourishing communities. Some of the main challenges it identifies are reducing the harm caused by alcohol and tobacco, and promoting healthy weight and increased physical activity.

Conversation cafés in Hertfordshire

The Engagement Team at NHS Hertfordshire have run a programme of conversation cafés on behalf of each of the two clinical commissioning groups. These events have become very popular and now form a central strand of the CCGs' engagement arrangements. They have given a boost to the CCGs' profiles and standing with local patient groups and been valuable in supporting the relationship between CCGs and their constituent GP practices.

Conversation cafés are a good way of getting a wide range of people together to discuss pressing local health service matters in an informal setting where everyone has the opportunity to express their views and to listen to what others have to say.

Those attending included members of the public, patients, practice staff (GPs, nurses, practice managers), councillors, NHS staff together with representatives from community and voluntary sector organisations. Most of the conversation events have been facilitated by an independent facilitator.

Practice patient participation

The purpose of the Patient Participation Directed Enhanced Service (DES) is to ensure that patients are involved in decisions about the range and quality of services provided by their practice. A key aspect of the DES is for practices to promote the proactive engagement of patients through the use of effective Patient Reference Groups (PRGs).

We have been encouraged by the efforts of many GP practices and there have been clear improvements in patient engagement. The number of practices across Hertfordshire participating in the DES in 2012/13 is 116, up from 99 in 2011/12. Many have developed and agreed action plans with their patient groups; many of these actions relate to improving patient access, which was one of the key suggested areas for focus within the DES. Payment for the DES in year 2 (2012/13) places more emphasis on the engagement with patient groups following the local survey and the development of effective local action plans.

Key areas for development in 2012/13 included:

- Further development of reasonably sized and more representative PRGs
- More effective local patient surveys
- Develop the representativeness of the patient survey responses
- Wider and more effective engagement with members of virtual PRGs

- More clarity in the agreement of practice action plans and the effective implementation of these.
- Clearer communication with patients, particularly in the format of Local Patient Participation Report to make them more appealing and relevant to patients.

Equality, diversity and human rights

Equality delivery system
During the year, the PCT worked with other NHS organisations in the county to implement our Equality Delivery System (EDS) to improve the way in which people from different groups are treated as patients, carers and employees. With the help of local community groups, the following objectives were agreed for NHS Hertfordshire:

- **Data Collation, Analysis and Usage**
  NHS Hertfordshire will continue to improve data collection across the protected characteristic groups and ensure that information is reviewed, analysed and used to inform the commissioning of services that meet the needs of the local population.
- **Partnership working**
  NHS Hertfordshire will strengthen partnership and collaborative working enabling meaningful engagement to ensure patient pathways meet the needs of all protected characteristics.
- **Engaged, Empowered and supported staff**
  To maintain organisational plans and processes to support the Equality and Diversity agenda and ensure evaluation systems are designed to provide assurance on effectiveness for all staff.
- **Leadership**
  To demonstrate leadership by advancing the equality agenda internally to ensure equality and diversity is mainstreamed and embedded across the organisation.

Key to the process so far has been the involvement of local communities, who have worked with all NHS partners providing valuable information and feedback on services. From its introduction in 2012, the EDS has been used in every NHS organisation in England which means that wherever patients go for NHS services they will find organisations working to the same set of goals around equality and human rights.

Working with the transgender community
NHS Hertfordshire has worked with Viewpoint, Stonewall and the transgender community to plan a health assessment for the Transgender community to help the NHS and its partners understand the particular needs of this community and how to ensure people have a positive experience of the health service. It is thought that this is the first piece of work of its kind in the country.

Compliments, concerns, complaints and queries
Concerns and complaints provide us with valuable information about the experiences of our patients so that we can improve the services that we commission. Compliments help us to

find out what we are doing well so that we can share best practice, improving still further local health services.

Between April 2012 and March 2013 NHS Hertfordshire received 213 complaints and 12 compliments about our commissioning decisions and corporate functions. All of these complaints were responded to at the local resolution stage following discussions with the complainant regarding how their concerns could be addressed within agreed timescales.

The PCT's Complaints and Concerns Policy reflects the best practice principles for complaints handling advocated by the Parliamentary & Health Service Ombudsman (Principles for Remedy, Principles of Good Complaint Handling and Principles of Good Administration). In accordance with the Principles for Remedy, we place a strong emphasis upon putting things right and ensuring continuous improvement and learning from complaints.

Under the NHS Complaints Regulations which came into effect on 1 April 2009, patients and the public could make their complaint to NHS Hertfordshire as a commissioner, if they did not wish to complain directly to the provider. During 2012/13, the PCT received 450 complaints about commissioned services from patients or carers who wished to exercise this right. In each case, NHS Hertfordshire worked with the complainant and the provider to achieve resolution in the majority of cases and to identify service improvements and learning outcomes.

The PCT's Patient Advice and Liaison Service (PALS) provides fast help, information and advice to patients and the public in relation to local health services. The PALS Service handled a total of 1626 contacts during 2012/13.

PALS enquiries do assist in service improvements across Hertfordshire. An example would be a change in the process of dental referrals sent from dental practices to hospitals. To ensure a smoother process these are now sent directly to the hospital for triage rather than via NHS Hertfordshire.

Freedom of Information (FOI) Requests

The Freedom of Information Act (2000) gives a general right of access to recorded information held by public authorities, subject to certain conditions and exemptions. NHS Hertfordshire has complied with the Treasury guidance on setting charges for FOI requests. NHS Hertfordshire received and responded to 384 FOI requests during 2012/13. The majority were answered in full, the most common exemption related to information already published (Section 21). One appeal was made to the Information Commissioner's Office (ICO) which was withdrawn by the appellant following ICO advice that a formal decision would be in NHS Hertfordshire's favour.

Environmental, social and community issues

Sustainability report
NHS Hertfordshire has been committed to reducing the total CO2 emissions from our activities by 20% from the 2008/9 baseline by December 2015. To meet this we set a number of targets to reduce emissions from our buildings, transport, waste and procurement.

The reduction in emissions was largely achieved by the rationalisation and disposal of surplus buildings with high energy use. The former provider arm of the PCT which was responsible for the majority of emissions is now a separate Trust and is required to report its own emissions separately.

Emergency preparedness
At the beginning of the year, with attention focused on ensuring business preparedness for the 2012 Olympic and Paralympic Games, we continued our involvement in preparations designed to test resilience in the case of a major incident. This involved further multi agency exercises and planning meetings. The PCT contributed to the strategic response to the Games which, thankfully, passed without incident.

Activity after the games concentrated on preparation for NHS transition, ensuring new organisations are prepared for their roles in Resilience in such matters as out of hours response and business continuity planning. In addition the Hertfordshire Local Health Resilience Partnership (LHRP) a strategic multi-agency health group was created in preparation for handover to the NHS Commissioning Board, Area Team.

Social and community issues
The PCT actively engages with local communities, patients and service users in planning, developing and making decisions about local health services. We do this in a number of ways including:

- Consultation activities around proposed service changes
- Patient representatives on PCT groups and committees
- Community roadshows and events
- Presentations to patient and community groups
- Establishment of patient and stakeholder participation groups.

We also work closely with local partners across the public and voluntary sector to both understand and meet the health and social care needs affecting our population. We regularly attend and make submissions to Hertfordshire County Council's health scrutiny committee and health panel groups working at local authority level. We have also fostered good relationships with Hertfordshire Local Involvement Network (LINk) and this year have supported GPs across the county to further develop patient groups which represent their practice populations.

Persons with whom the PCT has contractual or other essential arrangements

- 133 GP practices
- 195 dental practices
- 249 community pharmacies
- 159 optician practices
- acute hospital providers (with the main ones set out in note 37 of the accounts)
- East of England Ambulance Service Trust
- Hertfordshire Partnership NHS Foundation Trust
- Hertfordshire Community NHS Trust
- and various voluntary and independent providers of health care.

Engaging with our staff

We have a range of mechanisms that encourage conversation and good communications within the organisation. These include:

- team meetings
- a well used staff intranet containing information covering events, summaries and explanations of national policy, local services changes, NHS news and social and community events
- Chief Executive briefings, where all staff gather together to discuss key issues and ask questions
- bi-monthly director briefings – where staff meet in smaller groups that reflect emerging organisations.

NHS Hertfordshire has ensured that staff have had access to relevant information at each stage of the transition process running up to April 2013. A transition e-bulletin was launched, highlighting up-to-date news and decisions that affected PCT staff during the period of transfer to new organisations.

NHS Hertfordshire is committed to being an organisation within which diversity, equality and human rights are valued. We will not discriminate either directly or indirectly and will not tolerate harassment or victimisation in relation to age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, (including nationality and ethnicity), religion or belief, sex (male/female) or sexual orientation, trade union membership, status as a fixed-term or part-time worker or socio-economic status. We are committed to supporting all staff to develop and enhance their skills ensuring they commission the best services for patients and to help prepare them for changes to their roles that the NHS reforms may bring about.

We support our staff to have a healthy work-life balance by offering a range of working patterns including part time hours, the opportunity to purchase additional annual leave, taking a career break and working annualised hours. And we offer a range of other staff benefits and activities as part of our staff wellbeing programme that includes:

- access to NHS childcare coordinators who provide advice and support on childcare issues
- an Employee Assistance Helpline providing practical information, legal advice, telephone and face to face counselling to help cope with a variety of personal, family and workplace issues
- sessions with a nutritionist.

Policies
Our human resources policies include:

- Attendance Management Policy
- Bullying and harassment Policy
- Education, Training and Development Policy
- Equality and Diversity in Employment Policy
- Grievance Policy and Procedures
- Induction Policy
- Maternity, Adoption and Paternity Leave Policy
- Organisational Change Policy
- Performance Review, Appraisal & Personal Development Policy
- Raising Concerns at Work (Whistleblowing) Policy
- Recruitment and Selection Policy
- Retirement Policy and Procedures
- Smoke Free Policy
- Stress Policy
- Work Life Balance Policy

These and other human resources policies can all be downloaded from our website www.hertfordshire.nhs.uk/resource-centre

Policy in relation to disabled employees
The PCT continues to use the two ticks – 'Positive About Disabled' award, which not only recognises good practice, but having policies and procedures in place to support equality of opportunity for people with disabilities.

Consultation and communication with staff
The PCT has a joint negotiating committee where representatives from staff side and the PCT management team meet regularly to consult and negotiate on issues concerning PCT staff.

Absence due to staff sickness 2012/13
Total number of days lost = 2,862 Full Time Equivalents (FTE)
Total staff years = 465 (FTE)
Average working days lost = 6.2 (FTE)
The sickness absence rate for Hertfordshire PCT in the 12 months to the end of December 2012 was 2.71 %. The average for all PCTs for the 12 months to end of December 2012 was

3.25 %, and 3.02%.for PCTs in the East of England. Comparative sickness figures to end of March will not be published until end of June.

Note: As per the Department of Health guidance, the figures disclosed are per calendar year (January to December).

How are we doing? Progress and outcomes on key performance targets

This section of the report gives examples of how NHS Hertfordshire has performed against key indicators during 2012-2013

Some areas of achievement in 2012/13 include:

- **Waiting times in A&E –** despite pressure on their A&E departments both of the Hertfordshire Hospital Trusts (East and North Hertfordshire NHS Trust and West Hertfordshire Hospitals NHS Trust) are continuing to achieve the national standard that 95% of patients are treated and then transferred or discharged within 4hrs. NHS 111 is now available in Hertfordshire; this telephone service is designed to assist people who need help urgently when it is not a 999 emergency and aims to reduce the number of people who attend A&E when that is not the most appropriate service for them.

- **Ambulance response times –** The East of England Ambulance Service met the national target of for responding to category A calls within 8 minutes (75%) and category B calls within 19 minutes (95%) for Hertfordshire patients. The category A call achieved 76.54% and for category B calls achieved 97.21% for the year.

- **Cancer Waiting Times–** Over 96.5% of patients referred by a GP for suspected cancer were seen by a specialist within 2 weeks. (Target; 93%).

- **Cervical screening –** 99.3 % of women received the results of their cervical screening (smear) test within 2 weeks.

- **Diabetic retinopathy screening –** following on the work carried out in 2011/12, new patients diagnosed with diabetes are screened for a condition called retinopathy which, if detected, can then be treated.

- **Reducing the waiting times for psychological therapies** ('IAPT') **–**The national target for the proportion of patients with depression and / or anxiety disorders completing treatment and moving to recovery is 50%. In the year 2012 – 2013 Hertfordshire provided IAPT to 57.3% of such patients.

- The Joint Commissioning team (responsible for Mental Health Services) is working with the CCGs to further develop strategies aimed at increasing access rates to Psychological

Therapies. This is in view of projected mental health prevalence levels reaching 15% by 2014/15.

- **Helping people to give up smoking –** The Target for the numbers of people quitting smoking in Hertfordshire was set at 7,672. In 2012 – 2013 7,937 people achieved this. The CCGs will be targeting 'at risk' groups of people in localities in order to achieve future targets.

- **Privacy and dignity –** All patients staying within a Hertfordshire acute or community hospital can expect to be treated on a same sex ward. There has been only 5 breach of this by West Hertfordshire Hospitals Trust in the year.

- **End of life care**– Each year an average of 1% of the population dies. In Hertfordshire this is approximately 11,000 people.

  We know from national research that if given a choice, 65% – 75% of people would rather die in their usual place of residence – either their own home or a care or nursing home or sometimes by choice, a Hospice but until recently, more than 55% died in Hospital.

  During the year, working in partnership with commissioned providers such as Hospital Trusts, Hospices, Community Nursing and other end of life and palliative care services, we have reduced deaths in Hospital by a further 2% which has built upon our consistent progress towards reducing deaths in Hospital to less than 50% by the end of 2013/14.

  An educational support programme, focussed towards GPs and the Care Sector is producing positive results encouraging awareness of best practice in end of life care with the aim of professionals becoming proactive in supporting patients to make informed choices. The outcomes has been more people achieving their wish to die at home and clearly identifying this as their choice to those close to them as well as those involved in their care and support. This has been supported by a range of additional initiatives tested during the year to facilitate choice of preferred place of care including increasing Hospice at Home services and providing 24 hour admissions to Hospices where this could avoid a hospital admission and is in line with individual choice.

Some areas needing improvement during 2013/14 include:

- **Reducing healthcare associated infections** – **Cases** of MRSA across Hertfordshire are below the 2012 /2013 target of 21 and Cdiff rates are also below the 2012/13 target of 235. However, West Herts Hospital Trust breached their target of 33 by 13.

- **Proportion of people at high risk of stroke who experience a TIA ('mini stroke') are assessed and treated within 24 hours –** in Hertfordshire we have set ourselves a target of 60% of people who have a TIA being assessed and treated within 24 hours.

Improvements have been made in this target but the level is currently 47 % and the hospital trusts are working towards achieving the target.

- **Satisfaction with GP –** For NHS Hertfordshire; 53% of patients who responded to a patient satisfaction survey said they would definitely recommend their practice. This rate ranks NHS Hertfordshire as 101st out of 151. This compares with the England average of 55%. Overall, 84 % of Hertfordshire patients who responded would either definitely or probably recommend their practice, ranking the PCT 67th of 151. This compares with the England average of 83 %.Responsibility for the commissioning and contracting GP services passes to the NHS Commissioning Board in 2013/2014.

- **NHS Health Checks –** This national programme was introduced in 2009 but was not rolled out to Hertfordshire GPs until the end of Q1 2012. It offers health checks to adults ages 40 -74 with the aim of identifying risk of developing heart disease, stroke, kidney disease and Type 2 Diabetes. The target is 20% of patients in the cohort, equating to over 36,000 people in Herts. During 2012/2013 the uptake of NHS health checks in Hertfordshire has been 6.6% against a target of 12.2%. This reflects the National position.

- **Diagnostic Tests –** A target has been agreed for the proportion of patients waiting more than 6-weeks for diagnostic tests to be no greater than 1%. In 2012 – 2013 the target was delivered for 8 months.

Disclosure of serious incidents involving data loss or confidentiality breaches
In line with the Information Governance Strategy the PCT has assigned responsibility for information governance. Risks are managed, monitored and reviewed by the Information Governance Sub-Committee which reports through the Risk and Assurance Sub Committee to the Board.

We publish any personal data related incidents and breaches within our annual report in line with Department of Health directives.

To help minimise the risk of data loss, all PCT laptops and portable devices such as memory sticks are encrypted. Policies and procedures incorporating information governance have been reviewed, ratified and approved. Established reporting lines with associated risk assurance measures are assigned which now incorporate a more stringent scoring mechanism.

Mandatory staff training and internal campaigns on awareness of information security and data protection requirements have led to increased levels of reporting, but there were no personal data related incidents reported to the PCT classified as serious incidents and so none required to be reported to the Information Commissioner.

Summary of personal data related incidents 2012-13

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured NHS premises	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured NHS premises	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents from outside secured NHS premises	0
IV	Unauthorised disclosure	0
V	Other	0

Principles for remedy

The PCT follows the six principles set down by the Parliamentary and Health Service Ombudsman in 'Principles for Remedy' (October 2007). The aim of these principles is to ensure that instances of injustice or hardship as a result of poor service or maladministration are redressed.

The principles are:

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

How have we met these principles?

Our complaints policy reflects the NHS complaints procedures

- The Chief Executive takes a personal interest in all complaints and the quality of investigation and response
- We have a responsive Patient Advice and Liaison Service (PALS) which can resolve many problems or concerns without the need for a formal complaint
- We have in place a 'losses and compensations' procedure
- Regular reporting to the Board of complaints received and PALS issues as part of the PCT's performance monitoring
- Applying Department of Health published best practice guidance on NHS Continuing Healthcare Redress, in response to the Parliamentary and Health Service Ombudsman's report 'Retrospective Continuing Care Funding and Redress'.

Financial Review

An overview
2012/13 was the second year of the Quality Innovation Productivity and Prevention (QIPP) challenge. As set out in last year's annual report, the PCT was predicted to need to make £100m of recurrent savings by 2014/15 in order to meet the shortfall between the increase in demand for services, the increase in cost of services and the increase in funding. The first £50m of those savings were delivered in 2011/12, with the challenge in 2012/13 being £29m.

In previous years, along with many other PCTs across the country, NHS Hertfordshire had built up a financial reserve, which was held by the Strategic Health Authority and included in the nationally reported underspend. Each year the Department of Health allows a proportion of this national underspend to be released for spending, with the balance having to be retained and effectively frozen. At the beginning of 2012/13 the balance of the PCT's frozen reserve was £6.2m. In 2012/13 £2.9m was returned to NHS Hertfordshire. Although this funding was returned, the Department of Health did not approve its release for spending and it was therefore still frozen. Ordinarily the PCT would be required to achieve a position of financial balance, but with the return of the reserve to the PCT, the target for 2012/13 became an underspend of £2.9m.

The PCT again committed 2% of its recurrent funding (£33m) to support service transformation across the health economy. In addition to mitigate the impact of demand and performance volatility, the PCT also set aside a contingency reserve of £17m. The PCT brought forward an underspend from 2011/12 of £513,000.
The year ended 31 March 2013 was another successful year, with further improvements in the range and quality of services provided, whilst also achieving financial balance for the sixth year in a row.

Financial Duties and Targets
PCTs have four main financial targets and performance on these in 2012/2013 is detailed below.

1) Costs not to exceed revenue resource limit
Additionally, as described above, the PCT was required to underspend against its resource limit by £2.9m.

The PCT's revenue resource limit was £1,767.9m and net expenditure was £1,764.9m. The duty was achieved with expenditure being within the agreed resource limit by £3m.

With abolition of the PCT its functions will be transferred to a number of bodies including Herts Valleys CCG, East and North Hertfordshire CCG, and the NHS Commissioning Board. The underspend of £3m and the remaining £3.3m frozen reserve will be carried forward and shared amongst these organisations.
(Accounts – Note 3.1)

2) To remain within cash limit
All PCTs are set a cash limit**.** This is the amount of cash that can be drawn from the Department of Health. PCTs are not allowed to be overdrawn and are expected to end the year with minimal cash balances.

The PCT did not draw down its full cash limit, undrawing by £32.5m mainly because of the significant increase in provisions, where the costs are charged to Net Operating Costs when the provision is created, but the cash payment is made in a later year. In addition, the PCT had £419,000 in cash at 31 March 2013. The duty was therefore achieved.

(Accounts – Statement of Financial Position at 31 March 2013 and Note 3.3)

3) Capital costs not to exceed capital resource limit
The PCT's capital resource limit was set at £6.929mm and capital expenditure incurred was £5.936m). The PCT achieved this duty, underspending by £993,000.
(Accounts – Note 3.2)

4) To recover the full cost of provider services
As the PCT no longer has a Provider Arm, this duty does not apply to NHS Hertfordshire.

Running costs
The PCT's running costs increased by £1.9m (6.7%) compared to 2011/12. The PCT has historically had very low running costs, and continues to do so. The increase in 2012/13 can largely be attributed to the NHS reforms and the transition from PCTs to Clinical Commissioning Groups and the other new organisations.

The cost at just over £30 per weighted head of population is still significantly below the average of PCTs in England

The running cost on commissioning services of £28.446m is almost identical to the running cost allowances the new Clinical Commissioning Groups in Hertfordshire will receive next year (£28,440m). However, as set out elsewhere in this Annual Report, the PCT's functions transfer to a number of new organisations and cost of delivering the functions transferring to the CCGs is less than the £28.4m funding they will receive in 2013/14. The CCGs will therefore be able to create additional capacity to deliver their commissioning functions, should they wish to do so.

The Government's Emergency Budget in 2010 announced a two-year pay freeze from 2011/12 for public sector workforces, except for those employees earning a full time equivalent of £21,000 or less. These staff received an increase of £250 in 2012/13.
(Accounts – Note 5.1)

Public Sector Payment Policy
The PCT has an obligation to pay non-NHS creditors within 30 days of receipt of goods or a valid invoice (whichever is later), unless other payment terms have been agreed. This is monitored during the year. In 2012/13 the PCT paid 90.7% of invoices from non-NHS

organisations within this target, short of good practice. By value, 94.4% of invoices were paid within target.

On invoices from other NHS organisations, the PCT paid 84.0% of invoices (98.7% by value) within 30 days.
(Accounts – Note 8.1)

Related party transactions
All Board and Clinical Standards Committee members are required to complete a declaration setting out any outside interests. Note 37 to the Accounts shows the value of transactions with organisations included in the register of interests.

In the year to 31 March 2013, payments totalling £0.406m were made to one GP Practice, in their capacity as providers of primary care services, where a GP Partner was the partner of the Director of Finance. In addition payments totalling £8.103m were made to the Practices of local GPs who sat on the PCT's Board or Clinical Standards Committee. These payments were also made in their capacity as providers of primary care services. Payments for similar services were made to other GP practices within the PCT and none had direct control over how these funds were allocated.

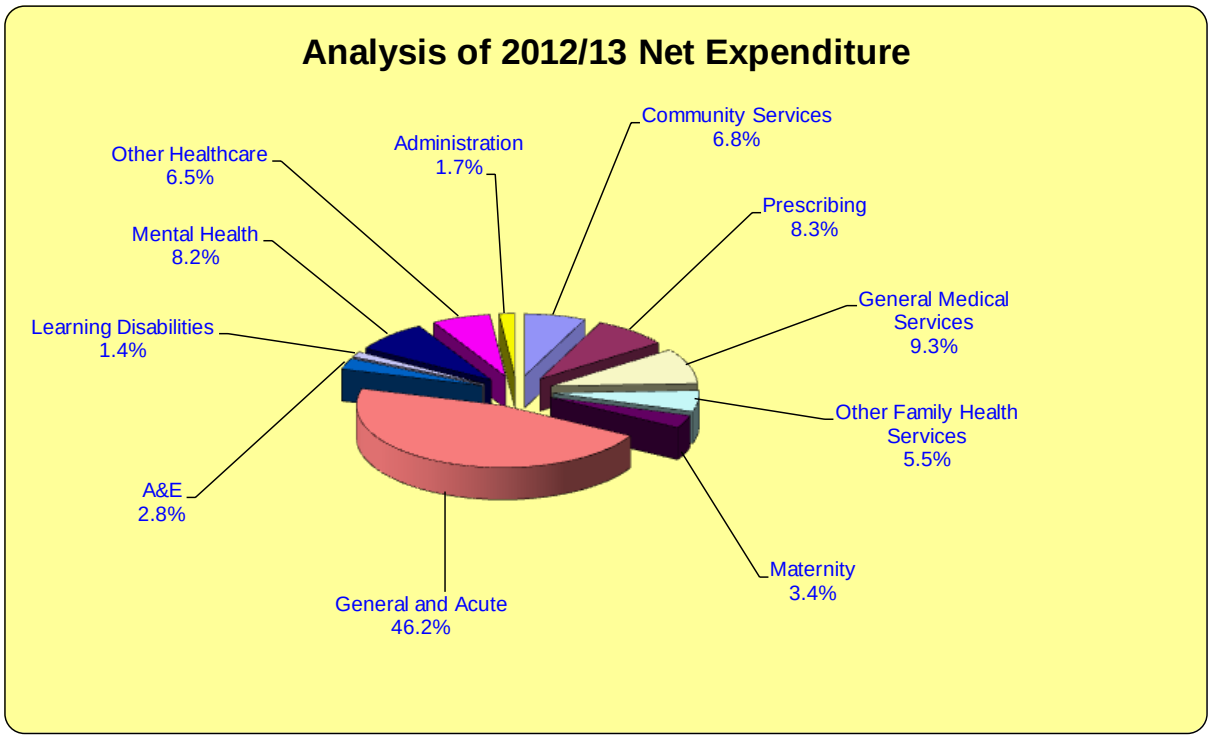
The Department of Health is regarded as a related party. During the year, the PCT had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. Further details of the parties where the total amount exceeded £10m or 5% or the related party's turnover are included in the accounts.
(Accounts – Note 37)

Where the money was spent
The majority of the PCT's funding was spent on commissioning services from other NHS and non-NHS organisations.

The majority of acute hospital activity is charged to PCTs under "Payment by Results" using a national tariff which is published each year by the Department of Health. To reflect unavoidable cost differences across the country, the Department of Health also publishes market forces indices, with providers being paid this percentage in addition to the tariff.

The largest single element of spending was on general and acute services (46.2%). Next were primary care general medical services (9.3%), prescribing (8.3%), mental health (8.2%) and community services (6.8%). Only 1.7% of costs were incurred on the administration or running costs of the PCT. A more detailed analysis of where the money was spent is shown in the following pie chart.

Analysis of 2012/13 Net Expenditure



Financial Outlook

Achieving financial balance in the last six years has been a major success. As stated above, this is the last year of the PCT being in existence. Next year its functions will be transferred to a number of bodies: Herts Valleys CCG, East and North Hertfordshire CCG, Cambridgeshire and Peterborough CCG, the NHS Commissioning Board, Hertfordshire County Council and Public Health England among others. Overall growth in funding for the NHS in 2013/14 has been agreed at 2.6%, with all CCGs receiving an increase of 2.3%. The expectation is that funding growth in the remaining years of the current Parliament will be at similarly low levels.

The QIPP challenge referred to above remains, with the aim being to improve services and outcomes against a backdrop of rising demand and minimal, if any, real terms growth in funding. These new organisations are fully aware of the challenges ahead and the PCT wishes them every success for the future.

Policy on managing principal risks

The Assurance Framework provides a comprehensive method for the effective management of the principal risks that arise in meeting the key strategic objectives agreed by the PCT Board. It identifies objectives which are at risk, gaps in control and insufficient assurances. It also provides a structure for evidence to support the annual Governance Statement and facilitates reporting key information regularly to the PCT Board. Directors are responsible for the continual updating of the

Assurance Framework including evaluation of the risk score, updates on progress and identification of actions against gaps in control and assurance. The Assurance Framework is monitored by the Audit Committee and PCT Board.

Role of the Audit Committee
The Committee's principal function is to advise the Board on the adequacy and effectiveness of the PCT's systems of internal control and its arrangements for risk management, control and governance processes.

In order to fulfil this function, the audit committee prepares an annual report for the Board and accountable officer. This report includes information provided by internal audit, external audit and other assurance providers.

The opinion of the audit committee was that adequate assurance can be given to the Board on the effectiveness of the risk management and control processes in place during 2012/2013.

Audit Committee Members:

Paul Smith, Chair (Non-Executive Director)
Kate Watts, Non-Executive Director
Linda Farrant, Non-Executive Director

Remuneration report

Members of NHS Hertfordshire's Remuneration Committee during the year were:

- Stuart Bloom, Chair
- Linda Farrant, Non Executive Director
- Mary Compton, Non Executive Director
- Jane, Halpin, Chief Executive
- Alan Farmer, Director of Human Resources

The remuneration of senior managers is determined by national terms and conditions – Very Senior Manager Pay Framework. The senior managers are employed under the nationally agreed contractual arrangements, all having been employed on permanent contracts which include a six month notice period. There is no provision in the contracts for termination payments save any contractual entitlements to redundancy compensation which would be calculated using the agreed NHS formula.

Salaries and allowances

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

The banded remuneration of the highest paid director in Hertfordshire PCT in the financial year 2012/13 was £160,000-£165,000 (in 2011/12 it was £160,000-£165,000). This was 6.2 times (in 2011/12 it was 5.6) the median remuneration of the workforce which was £26,642 (in 2011/12 it was £29,263).

In 2012/13 no employees (2011/12 0 employees) received remuneration in excess of the highest paid director.

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

Please note that the above multiplier is based on a median salary which is influenced by an adjustment to the number and composition of the general workforce through restructuring.

Remuneration Report

Salaries and Allowances

	2012 - 13			2011 - 12		
Name and Title	**Salary/Fees (bands of £5,000)**	**Other Remuneration (bands of £5,000)**	**Benefits in kind (rounded to the nearest £000)**	**Salary/Fees (bands of £5,000)**	**Other Remuneration (bands of £5,000)**	**Benefits in kind (rounded to the nearest £000)**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Stuart Bloom, Chair	40-45	0	0	40-45	0	0
Linda Farrant, Non Executive Member (Vice Chair) and Chair of the Remuneration Committee	5-10	0	0	5-10	0	0
Paul Smith, Non Executive Member and Chair of the Audit Committee	10-15	0	0	10-15	0	0
Mary Compton, Non Executive Member	5-10	0	0	5-10	0	0
Kate Watts, Non Executive Member	5-10	0	0	5-10	0	0
Eliza Hermann, Non Executive Member	5-10	0	0	5-10	0	0
Jane Halpin, Chief Executive (and Interim Area Director Herts and South Midlands Area Team)	160-165	0	0	160-165	0	0
Alan Pond, Director of Finance (and Interim Chief Finance Officer East & North Herts CCG)	115-120	0	0	110-115	0	0
Lesley Watts, Director of Operations (and Interim Accountable Officer East & North Herts CCG)	135-140	0	0	110-115	0	0

Heather Moulder, Director of Nursing (and Interim Director of Nursing and Quality for the Herts and South Midlands Area Team)	110-115	0	0	55-60 (Note 1)	0	0
Andrew Parker, Director of Primary Care Development	80-85 (Note 2)	0	0	90-95	0	0
Beverley Flowers, Director of System Management (and Interim Director of Commissioning Herts and South Midlands Area Team)	110-115	0	0	95-100	0	0
Alan Farmer, Director of Workforce Transformation (and Interim Director of Corporate Services for Property Services Ltd)	85-90	0	0	60-65 (Note 3)	0	0
John Webster, Director of Workforce Transformation (and Interim Director of Commissioning East & North Herts CCG)	95-100	0	0	40-45 (Note 4)	0	0
Mike Edwards, Chair of the West Clinical Executive Committee and Medical Director	65-70	0	0	65-70	0	0
Tony Kostick*, Chair of East & North Herts shadow CCG	110-115	0	0			
Nicolas Small*, Chair Herts Valley shadow CCG	100-105	0	0			

Note 1. The 2011-12 salary reflects a part year September 2011 to March 2012
Note 2. The 2012-13 salary reflects a part year April 2012 to February 2013
Note 3. The 2011-12 salary reflects a part year July 2011 to March 2012
Note 4. The 2011-12 salary reflects a part year November 2011 to March 2012

*The payments shown for Drs Kostick and Small include payments made to their practices, enabling these doctors to fulfil their CCG duties while at the same time maintaining services to patients.

Pensions Benefits

	Real increase in pension at age 60 (bands of £2,500)	Lump sum at aged 60 related to real increase in pension (bands of £2,500)	Total accrued pension at age 60 at 31 March 2013 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2013 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2013	Cash Equivalent Transfer Value at 31 March 2012	Real increase in Cash Equivalent Transfer Value funded by PCT	Employer's contribution to stakeholder pension
Name and title	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£00**
Relating to the period 1 April 2012 to 31st March 2013								
Alan Pond, Director of Finance (and Interim Chief Finance Officer East and North Herts CCG)	0-2.5	0-2.5	40-45	120-125	675	616	15	0
Jane Halpin, Chief Executive (and Interim Area Director Herts and South Midlands Area Team)	(2.5) - 0	(2.5) - 0	40-45	125-130	690	643	8	0
Beverley Flowers, Director of System Management (and Interim Director of Commissioning Herts and South Midlands Area Team)	0-2.5	0-2.5	20-25	65-70	342	314	7	0
Andrew Parker, Director of Primary Care Development (to Feb 13)	(2.5) - 0	(2.5) - 0	30-35	95-100	609	572	5	0
Lesley Watts, Director of Operations (and Interim Accountable Officer East & North Herts CCG)	2.5-5.0	10-12.5	30-35	95-100	662	540	53	0
Heather Moulder, Director of Nursing (and Interim Director of Nursing and Quality for the Herts and South Midlands Area Team)	(2.5) - 0	(2.5) - 0	40-45	125-130	787	697	32	0
Alan Farmer, Director of Workforce Transformation (and Interim Director of Corporate Services for Property Services Ltd)	0-2.5	2.5-5.0	30-35	95-100	605	536	24	0
John Webster, Director of Workforce Transformation (and Interim Director of Commissioning East and North Herts CCG)	(2.5) - 0	(2.5) - 0	15-20	50-55	281	276	-5	0

1. As Non Executive Members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non Executive Members.

2. Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particularly 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.

3 Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer.

It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors as at 31 March 2013.

In the budget on 23 March 2011, HM Treasury confirmed its intention to review the basis for the calculation of CETVs payable from public service schemes, including the NHS Pension Scheme.
The review was undertaken and revised guidance was issued on 26 October 2011.

For the calculation of CETVs as at 31st March 2013, NHS Pensions have followed the revised guidance and have used the updated Government Actuary Department (GAD) factors in their calculations.

The new factors will have differing impacts of the CETVs of the individuals concerned depending on their age and normal retirement age.

( ) Denotes a decrease in pension and lump sum entitlements.

Board Expenses

Name & Job Title	Parking at Office £	Official Mileage £	Regular Car User £	Parking £	Public Transport £	Subsistence £	Telephone Costs £	Other £	Total £
Stuart Bloom Chair	(736)	1,803		90	292	438		305	**2,191**
Linda Farrant Non Executive Member (Vice Chair) and Chair of the Remuneration Committee		535		52					**586**
Paul Smith Non Executive Member and Chair of the Audit Committee									**0**
Mary Compton Non Executive Member									**0**
Kate Watts Non Executive Member		981		43					**1,024**
Eliza Hermann Non Executive Member		112		55	80				**247**
Jane Halpin Chief Executive (and Interim Area Director Herts and South Midlands Area Team)	(736)	2,868	854	203	1,412			0	**4,601**
Alan Pond Director of Finance (and Interim Chief Finance Officer East & North Herts CCG)	(736)	1,227	851	145	410			11	**1,908**
Lesley Watts Director of Operations (and Interim Accountable Officer East & North Herts CCG)	(736)	963	852		884			108	**2,070**

Name & Job Title	Parking at Office £	Official Mileage £	Regular Car User £	Parking £	Public Transport £	Subsistence £	Telephone Costs £	Other £	Total £
Heather Moulder Director of Nursing from September 2011 (and Interim Director of Nursing and Quality for the Herts and South Midlands Area Team)	(736)	1,694	993	30	437	370		56	**2,844**
Andrew Parker Director of Primary Care Development (Left Feb 13)	(674)	1,072	776	2	208		(100)		**1,283**
Beverley Flowers Director of System Management (and Interim Director of Commissioning Herts and South Midlands Area Team)	(736)	1,345		101	772	120		4	**1,607**
Alan Farmer Director of Workforce Transformation from July 2011 (and Interim Director of Corporate Services for NHS Property Services Ltd)					325	87			**412**
John Webster Director of Workforce Transformation from November 2011 (and Interim Director of Commissioning East & North Herts CCG)	(736)	3,498	855			320			**3,937**
Mike Edwards hair of the West Clinical Executive Committee and Medical Director									**0**
Tony Kostick Chair of East & North Herts shadow CCG									**0**
Nicolas Small Chair Herts Valley shadow CCG									**0**

Board Members Declarations Interests

Board Member	NHS Hertfordshire Board members declarations of pecuniary and other interests
Stuart Bloom Chair	- Provision of consultancy support on a self-employed basis with Mighty Oaks Consultancy, which provides marketing services to private and public sector organisations (including the NHS).
Dr Jane Halpin Chief Executive	- Husband is a consultant employed by Luton and Dunstable Hospital NHS Trust, with whom the PCT has contracts - Governor of SS Alban & Stephen Infant & Nursery School and Junior School
Mary Compton Non-Executive Director	- Senior Manager with BT Global Services. BT is delivering the Spine, a core part of the NHS Care Records Service and the N3 broadband network connecting all NHS locations in England. - Husband is a Management Consultant with CSC an I.T. Consultancy who has been involved with the NHS National Programme for IT (NPfIT) and has worked closely with Connecting for Health, Norfolk and Norwich University Hospitals NHS Foundation Trust, Northumbria Healthcare NHS Foundation Trust and a number of Strategic Health Authorities including the East of England.
Kate Watts Non-Executive Director	- Former Trustee of Watford Mencap, still have an interest in this marginalised group - Trustee of MIND receives money from DoH - Local Mind associations have contracts NHS in Hertfordshire for funding - Director of Creative Funding Consultancy - advice and support to Hertfordshire charities some of who receive NHS Hertfordshire PCT money - Husband is Headmaster of Watford Grammar School for Boys for 11 years. The school has a large special needs department and might receive health funding
Linda Farrant Non-Executive Director	- Non Executive Board member of Metropolitan Housing Partnership - Non Executive Board member of OFSTED - Parent / Governor of Bishop's Stortford College - Lay Member for Governance for East & North Herts Clinical Commissioning Group
Paul Smith, Non-Executive Director	- Hold NED roles in Harpenden Building Society - Hold NED roles Affinity Sutton Homes (social housing); MOD - Hold NED role MOD (Ministry of Defence - Hold NED role DFT (Department for Transport)
Eliza Hermann Non-Executive Director	- Non Executive Director at Brightpoint Inc. from 2003 – present - Commissioner at Civil Service Commission from 2010 – present - Volunteer at Campaign to protect Rural England-Hertfordshire Branch from 2009 – present
Alan Pond Director of Finance and	- Partner is a GP partner at Haverfield Surgery, Kings Langley, and does work for the PCT as from 30/8/2010

Board Member	NHS Hertfordshire Board members declarations of pecuniary and other interests
Productivity	
Andrew Parker Director of Primary Care Development	- Wife is Bone Marrow Transplant Quality Manager at Royal Free Hospital NHS Trust, (PCT has an Service Level Agreement with RFH)
Alan Farmer Director of Workforce Transformation	- None
Beverley Flowers Director of System Management	- None
Lesley Watts Director of Operations	- Husband is a Cardiologist working at Luton and Dunstable, Bedford and Royal Brompton and Harefield NHS Trusts. The PCT holds contracts with all three providers.
Mike Edwards Co -Chair Professional Executive Committee	- Principal at Fairbrook Medical Centre, Borehamwood - Director, Herts Health Limited since September 2006. A private company which provides health services to NHS Hertfordshire patients - Wife is a Trustee of Cherry Lodge Cancer Care Charity, Barnet (since October 2006). Provides service to home patients / clients in Hertfordshire
Tony Kostick Co-Chair, Professional Executive Committee	- Principal, Dr Baxani and Partners, Stevenage, Clinical Lead, Stevenage PBC Group - Club Doctor, Stevenage Football Club, - Expert 24 Ltd Health assessment software (clinical consultancy)
Heather Moulder Director of Quality and Patient Experience	- None
Nicolas Small Chair, Herts Valleys Clinical Commissioning Group	- GP Partner at Schopwick Surgery, Elstree since 01/06/96 - Herts Health (Schopwick Surgery) is a shareholder of this provider organisation since 2007 - Harmoni – small shareholding allocated when it set up, since 1998 - GP Chair of HCL (Hertsmere Commissioning Locality) Limited liability Commissioning Group, since 2003

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

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

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

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

Signed.....Designated Signing Officer

Name:

Date.....

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.

…….Date……Signing Officer

…….Date ……Finance Signing Officer

GOVERNANCE STATEMENT 2012-13
Hertfordshire Primary Care Trust (5QV)

1. INTRODUCTION

This year has seen the focus shift to the successful transition to new bodies established under the Health and Social Care Act 2012, which resulted in the PCT's abolition on 31st March 2013.

The transition arrangements established during 2011-12 (Clinical Commissioning Groups (CCGs) receiving delegated authority as sub-committees of the PCT Board) remained in place during 2012/13 with the Board directing the business of the PCT.

One of the key Governance changes that occurred during the year was the establishment of a shadow NHS Commissioning Board (now NHS England) Area team (Hertfordshire & South Midlands) from 1st October 2012. The Area Team's Directors have worked alongside the PCT's Executive and Non Executive Board members to ensure the effective vehicle for delivering the PCT's governance responsibilities.

2. SCOPE OF RESPONSIBILITY

Arising from the schemes of delegation approved by the NHS Hertfordshire PCT in 2011/12 the PCT's Board functions continued to be discharged during 2012/13.

I, Dr Jane Halpin, was the Accountable Officer for the Board, having responsibility for maintaining a sound system of internal control that supports the achievement of the PCT, its policies, aims and objectives. I also had responsibility for safeguarding public funds and the PCT's assets.

As the Accountable Officer for Hertfordshire NHS Trust (PCT) I am able to provide assurance that the PCT had in place robust accountability arrangements, not only for the discharge of my own responsibilities, but also in the achievement of performance targets and strategic objectives.

The PCT continued to be subject to standard reviews by the Strategic Health Authority (SHA). These are carried out via a combination of formal processes (e.g. Annual and Quarterly Reviews) and service driven reviews incorporating Clinical Governance, Finance and Operating Framework arrangements.

I was held to account for organisational performance, including establishment of the CCGs and partnership working with other health and social care partners.

Throughout the year CCGs have taken up their responsibilities in order to prepare them for full authorisation and statutory body status.

There was Hertfordshire County Council membership of a Public Health Transition Board with partnership working between agencies for the transition of relevant aspects of public health and handover of related governance functions.

A shadow Hertfordshire Health and Wellbeing Board included representation from the PCT; local government including local councils; and all relevant CCGs.

A significant element of this work was the transfer of the public health functions, assets and resources to Hertfordshire County Council as part of the NHS reforms and this work has enabled the correct form of legal transfer to be enacted on 1st April 2013.

3. GOVERNANCE FRAMEWORK

Board and Sub-Committees

Board Meetings
At each Board meeting the "Board Tracker" is reviewed. This document details outstanding issues, actions and timescales, and provides a framework for the Board to receive assurances when and how work is to be completed.

The Board has a "Business Cycle" which is reviewed prior to each board meeting ensuring items of business are discussed in accordance with statute and Department of Health guidance. The Board has continued to oversee the implementation of NHS reforms and has formally recognised developing clinical commissioning groups as committees of the Board and receives at each Board meeting a report on progress.

Clinical Standards Committee
The Clinical Standards Committee has responsibility for assuring Patient Safety and Quality Standards are monitored and assured in our commissioned providers. In addition the Clinical Standards Committee has oversight of the development of primary care services and the performance of independent contractors. During the time of transition the nationally recognised risk that the monitoring quality and safety of resources is reduced has been mitigated by inclusion of representation from evolving clinical commissioning groups and local providers on the Committee. Dr Mike Edwards, Medical Director and Chair of the Clinical Standards Committee, provides a report to each Board meeting addressing the issues of safety and quality across the organisation.

Transition PMO and Closedown

The Transition and Closedown Board and Committee were tasked with ensuring the closedown of the PCT was carried out effectively and all transfers to appropriate successor bodies were properly completed.

Audit Committee

This committee was constituted in line with the provisions of the NHS Audit Committee and the PCT's Scheme of Reservation and Delegated Authority. The Committee oversaw the

audit of the 2012/13 accounts, the internal and external audit plans and the risk management and internal control processes (financial and quality), including control processes around counter fraud.

Governance

The Clinical Standards Committee, Audit Committee, Finance and Performance Committee and Risk and Assurance Committees played a critical role in reviewing Governance issues, and in maintaining an overview of the progress towards the authorisation of CCGs and Hertfordshire Integrated Commissioning Support Unit (CSU).

The Committees contributed towards management of the transition to the new NHS system, including having amongst their membership representatives from each CCG, and also receiving regular update reports from the Public Health Transition Board.

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

Transition Programme Management Office (PMO)

The Transition PMO was established with the remit to ensure:

- Successful closedown of the PCT
- Supporting the establishment of a range of new commissioning organisations
- Seamless handover to receiving organisations
- Continuity of business as usual

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

The Board and its sub-committees received regular update reports from a range of workstreams focussing on closing down and transitioning functions as appropriate. This work has also been supported by a transition and close down risk register.

Completion of Handover and Closure Documents

The PCT has produced and published a hand-over document as required by the Midlands and East SHA, and this has informed much of the hand-over work to the CCGs and other new organisations created by the NHS reforms.

Accounts Scrutiny and Sign-Off

The accountability arrangements for the 2012/13 financial accounts were in line with the nationally defined accounts scrutiny and sign off process. From 1st April 2013 when PCTs were abolished, NHS England Area Team Directors continued to discharge the responsibilities associated with the closedown, until completion. For the PCT this entailed

the set-up of a local delivery team to secure an effective accounts preparation and audit process. The Director, as the PCT's former accountable officer, has responsibility for signing the accounts and the supporting statements.

Audit committee arrangements were also specified nationally to ensure that the essential scrutiny and governance function provided by an audit committee was retained, despite PCT closure. The Department of Health facilitated the establishment of audit committees to support the final accounts process, thereby providing a mechanism with the appropriate status to discharge the necessary responsibilities. The non-executive directors that formed the committee were identified locally.

The System of Internal Control

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

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

The systems of internal control were in place in Hertfordshire Primary Care Trust for the whole year ending 31st March 2013.

4. CAPACITY TO HANDLE RISK

The PCT Corporate Entity

For the period of this statement the PCT, as a corporate entity, vested all its capacity to handle risk in the systems and structures.

Day to day responsibility for risk management was delegated to all Executive Directors of the Board with executive leadership.

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

Clinical Commissioning Groups

During 2012/13 the PCT has continued to support the development of two Clinical Commissioning Groups (CCGs) in Hertfordshire: NHS East and North Hertfordshire CCG and NHS Herts Valleys CCG. Both have successfully negotiated the authorisation process and have been established as statutory bodies who will take on their responsibilities on 1st April 2013. Three Hertfordshire General Practitioner practices have joined NHS Cambridgeshire and Peterborough CCG.

Commissioning Support Unit

In addition to supporting the development of the CCGs the PCT has been actively involved in the establishment of the Central Eastern Support Unit. Groups were established to ensure the PCT and CCGs received assurances on the establishment of Hertfordshire Integrated Commissioning Support Unit and the processes by which staff and assets would be transferred to the new bodies. Each area developed its own local risk register that fed into the corporate risk register, which has been reviewed on a weekly basis by the Senior Management Team and at PMO Committee meetings.

5. THE RISK AND CONTROL FRAMEWORK

Risk Management

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

By ensuring that all staff were aware of their responsibilities for both governance (all elements) and health and safety, a substantial amount of progress was made towards ensuring ownership of risk by staff

The PCT Board received reports on the high scoring corporate risks that impacted on the successful achievement of the PCT's strategic objectives.

Corporate Objectives and the Board Assurance Framework

Through the Assurance Framework process the PCT has identified its principal risks and the controls in place to mitigate against their occurrence.

The framework has been proactively reviewed by senior staff on a regular basis and refocused to reflect the PCT's closedown and transition role and was signed off by the PCT Board in March 2013.

Internal and External Audit

Both Internal and External Audit carry out independent reviews of systems and processes within the organisation. Recommendations and action plans are put in place following these reviews to ensure controls are safe and adequate, providing safeguard of assets and resources.

Counter Fraud and Deterrence

During 2012/13 the PCT continued to deliver an in-house counter fraud service supplemented by RSM Tenon. The Local Counter Fraud Specialist regularly met with the Director of Finance to review the Counter Fraud plan and discuss cases. The Counter Fraud arrangements and on-going work were regularly reviewed by the PCT's Audit Committee.

Information Governance

The Director of Primary Care Development was the Executive Lead on the Board for Information Governance. The Director of Human Resources was the Senior Information Risk Officer (SIRO).

The Caldicott Guardian was the Director of Nursing and Quality for the PCT.

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

Data Security

All Information Governance incidents are fully investigated and remedial actions undertaken. These include incidents relating to person identifiable data loss, any breach of confidentiality, the insecure disposal of information and any other incidents where staff or patient information may have been at risk.

All staff are trained and encouraged to report all incidents and near misses to ensure that the reason for occurrence of an incident can be identified and measures taken to prevent recurrence.

Appendix B of the Department of Health Guidance on Information Governance Assurance issued in May 2008 (Gateway reference 9912) only requires serious untoward data security breaches rated at level 3 or above to be declared in this statement. In 2012/13 there were no reported serious incidents involving personal data.

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

Equality, Diversity and Human Rights

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

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

Following the adoption of the Equality Delivery System (EDS) in 2011/12 the PCT undertook a detailed review on how the organisation was meeting the objectives of the EDS and outcomes of this review have been shared with successor organisations.

Sustainability

The PCT has a Trust-wide commitment to reduce its carbon footprint from the 2008/09 baseline by 2013. A Carbon Management Plan was been produced and approved by the board.

6. SIGNIFICANT ISSUES

Other than the matters previously referred to in section 5 above there were no significant issues arising in 2012/13 that warrant additional reporting in this statement.

7. REVIEW OF EFFECTIVENESS

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

The Head of Internal Audit's annual opinion on the system of internal control is based on an agreed programme of work undertaken throughout the financial year. Based on the work undertaken in 2012/13, significant assurance can be given that there is a sound system of internal control which is designed to meet the organisation's objectives and controls are being consistently applied in all the areas reviewed.

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

My review is also informed via assurances provided by:-

- NHS Midlands and East (Strategic Health Authority);
- Ernst and Young (External Audit), and
- Internal Audit reviews

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

- PCT Board
- Executive Team
- Audit Committee
- Transition PMO

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

Existence and robustness of controls were tested by the PCTs Auditors, with any identified weaknesses being reported to the Audit Committee, as appropriate.

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

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

My review confirms that Hertfordshire Primary Care Trust had a generally sound system of internal control that supported the achievement of its policies, aims and objectives.

Signed ……
Jane Halpin
Chief Executive, Hertfordshire Primary Care Trust

Dated …….

INDEPENDENT AUDITORS' REPORT TO THE ACCOUNTABLE OFFICER FOR HERTFORDSHIRE PRIMARY CARE TRUST

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

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

- the table of salaries and allowances of senior managers and related narrative notes on pages 27-28;

- the table of pension benefits of senior managers and related narrative notes on pages 29-31; and

- the pay multiples on page 26.

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

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

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

Scope of the audit of the financial statements

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

- whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Trust; and
- the overall presentation of the financial statements.

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

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

Opinion on regularity

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters

In our opinion:

- the part of the Remuneration Report subject to audit has been prepared properly in accordance with the requirements directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England; and
- the information given in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the governance statement does not reflect compliances with the Department of Health's Guidance:
- we refer the matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because we have reason to believe that the Trust, or an office of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998

We have nothing to report in these respects.

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report any matters that prevent us being satisfied that they 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; and
- the work of other relevant regulatory bodies or inspectorates, to the extent that the results of this work impact on our responsibilities at the Trust.

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

Certificate

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

Mark Hodgson
For and on behalf of Ernst & Young LLP
Cambridge
07 June 2013

Department of Health

NHS

Hertfordshire Primary Care Trust

2012-13 Accounts

Published to gov.uk, in PDF format only.

www.gov.uk/dh

Hertfordshire Primary Care Trust

2012-13 Accounts

The Accounts

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

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

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

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

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

Name: JANE HALPIN

Date....6.6.13

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

INDEPENDENT AUDITORS' REPORT TO THE ACCOUNTABLE OFFICER FOR HERTFORDSHIRE PRIMARY CARE TRUST

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

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

- the table of salaries and allowances of senior managers and related narrative notes on pages 27-28;
- the table of pension benefits of senior managers and related narrative notes on pages 29 - 31; and
- the pay multiples on page 26 .

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

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

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

Scope of the audit of the financial statements

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

- whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Trust; and
- the overall presentation of the financial statements.

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

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

Opinion on regularity

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters

In our opinion:

- the part of the Remuneration Report subject to audit has been prepared properly in accordance with the requirements directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England; and
- the information given in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the governance statement does not reflect compliance with the Department of Health's Guidance;
- we refer the matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998

We have nothing to report in these respects.

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

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

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

- our review of the Governance Statement; and
- the work of other relevant regulatory bodies or inspectorates, to the extent that the results of this work impact on our responsibilities at the Trust.

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

Certificate

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

Mark Hodgson
for and on behalf of Ernst & Young LLP
Cambridge
07 June 2013

GOVERNANCE STATEMENT 2012-13

Hertfordshire Primary Care Trust (PCT Code: 5QV)

1.0 INTRODUCTION

This year has seen the focus shift to the successful transition to new bodies established under the Health and Social Care Act 2012, which resulted in the PCT's abolition on 31st March 2013.

The transition arrangements established during 2011-12 (Clinical Commissioning Groups [CCGs] receiving delegated authority as sub-committees of the PCT Board) remained in place during 2012/13 with the Board directing the business of the PCT.

One of the key Governance changes that occurred during the year was the establishment of a shadow NHS Commissioning Board (now NHS England) Area team (Hertfordshire & South Midlands) from 1st October 2012. The Area Team's Directors have worked alongside the PCT's Executive and Non-Executive Board members to ensure the effective vehicle for delivering the PCT's governance responsibilities.

2.0 SCOPE OF RESPONSIBILITY

Arising from the schemes of delegation approved by the NHS Hertfordshire PCT in 2011/12 the PCT's Board functions continued to be discharged during 2012/13.

I, Dr Jane Halpin, was the Accountable Officer for the Board, having responsibility for maintaining a sound system of internal control that supports the achievement of the PCT, its policies, aims and objectives. I also had responsibility for safeguarding public funds and the PCT's assets.

As the Accountable Officer for Hertfordshire NHS Trust (PCT) I am able to provide assurance that the PCT had in place robust accountability arrangements, not only for the discharge of my own responsibilities, but also in the achievement of performance targets and strategic objectives.

The PCT continued to be subject to standard reviews by the Strategic Health Authority (SHA). These are carried out via a combination of formal processes (e.g. Annual and Quarterly Reviews) and service driven reviews incorporating Clinical Governance, Finance and Operating Framework arrangements.

I was held to account for organisational performance, including establishment of the CCGs and partnership working with other health and social care partners.

Throughout the year CCGs have taken up their responsibilities in order to prepare them for full authorisation and statutory body status. In addition and in preparation for the transition the following is noted:-

- Hertfordshire County Council has had membership of a Public Health Transition Board with partnership working between agencies for the transition of relevant aspects of public health and handover of related governance functions.
- A shadow Hertfordshire Health and Wellbeing Board was created including representation from the PCT, local government (including local councils), and all relevant CCGs. A significant element of this work was the transfer of the public health functions, assets and resources to Hertfordshire County Council as part of the NHS reforms and this work has enabled the correct form of legal transfer to be enacted on 1st April 2013.

3.0 GOVERNANCE FRAMEWORK OF THE ORGANISATION

The Board

The PCT is governed by a Board made up of six Non-Executive Directors, including the Chairman, and four Executive Directors, including the Chief Executive. In addition, the Director of Strategy & Performance, Director of Workforce, the Director of System Development, the Director of Quality & Patient Experience/Director of Nursing and the Director of Primary Care Development & Corporate Services attend the Board in a non-voting capacity. In support of the developing CCGs, the Chair along with the Chief Operating Officer/Accountable Officer from both CCGs have attended Board meetings.

The Board has overall responsibility for determining the future direction of the PCT and ensuring delivery of safe and effective services in accordance with legislation and principles of the NHS. The Board must also ensure the organisation complies with relevant regulatory standards, for example, ensuring that waiting time targets are adhered to; QIPP plans are in place and monitored and financial duties are met.

Non-Executive Directors of NHS organisations are appointed by the Appointments Commission, which is an independent body. They are not employees of the PCT but receive remuneration for their role which is agreed nationally. Executive Directors are employees of the PCT. Details of directors remuneration is set out within the Annual Report.

In addition to the Chief Executive, the Executive Director posts are:-

- Dr Mike Edwards, Chair Clinical Executive Committee
- Alan Pond, Director of Finance
- Jon Webster, Director of Strategy & Performance
- Alan Farmer, Director of Workforce
- Beverley Flowers, Director of System Management
- Heather Moulder, Director of Quality & Patient Experience/Director of Nursing
- Andrew Parker, Director of Primary Care Development & Corporate Services
- Lesley Watts, Director of Innovation

The Non-Executive Directors appointed by the Appointments Commission are outlined below:-

- Stuart Bloom
- Mary Compton
- Linda Farrant
- Eliza Hermann
- Paul Smith
- Kate Watts

The Board met in public six times during the year.

At each Board meeting the "Board Tracker" is reviewed. This document details outstanding issues, actions and timescales, and provides a framework for the Board to receive assurances when and how work is to be completed.

The Board has a "Business Cycle" which is reviewed prior to each board meeting ensuring items of business are discussed in accordance with statute and Department of Health guidance. The Board has continued to oversee the implementation of NHS reforms and has formally recognised developing clinical commissioning groups as committees of the Board and receives at each Board meeting a report on progress.

Board Sub-Committees

To ensure that the PCT delivers on its statutory duties and to guarantee that services are available to its population that are safe and deliver value for money, the PCT cluster had in place a sub-committee structure. The standing committees carry out functions delegates to them by the Board and seek assurance on behalf of the Board. These committees report directly to the Board.

There have not been any issues of quoracy for the Board and its sub-committees.

The role of the committees and a summary of issues considered by the committees are detailed below:

Clinical Standards Committee

The Clinical Standards Committee has responsibility for:

- Assuring Patient Safety and Quality Standards are monitored and assured in our commissioned providers.
- Oversight of the development of primary care services and the performance of independent contractors.

The Committee is chaired by Dr Mike Edwards, Medical Director, who provides a report to each Board meeting addressing the issues of safety and quality across the organisation. The Committee met twice during the year.

The key achievements were:

- During the time of transition the nationally recognised risk that the monitoring quality and safety of resources is reduced has been mitigated by inclusion of representation from evolving clinical commissioning groups and local providers on the Committee.

Transition PMO and Closedown Board & Committee

The Transition and Closedown Board and Committee were tasked with ensuring the closedown of the PCT was carried out effectively and all transfers to appropriate successor bodies were properly completed.

The Transition PMO was established with the remit to ensure:

- Successful closedown of the PCT
- Supporting the establishment of a range of new commissioning organisations
- Seamless handover to receiving organisations
- Continuity of business as usual

The group was chaired by the lead Director for Transition, with senior staff having clear leadership roles for key functional transfers. Legal representation and Internal Audit were involved in the

establishment and operational review of transition processes and significant assurance provided that controls were adequate. The group met monthly and additionally as required.

The Board and its sub-committees received regular update reports from a range of work-streams focussing on closing down and transitioning functions as appropriate. This work has also been supported by a transition and close down risk register.

The PCT has produced and published a hand-over document as required by the Midlands and East SHA, and this has informed much of the hand-over work to the CCGs and other new organisations created by the NHS reforms.

Finance and Performance Committee

The objectives of the Committee were to: -

- Review issues relating to the use of PCT resources that may impact on the PCTs ability to achieve its statutory financial targets.
- Provide assurance to the Board that arrangements are in place to demonstrate performance against all national, regional and local targets.
- For the Clinical Commissioning Groups to provide assurance around financial and performance targets and progress of QIPP delivery.
- Review and ensure delivery of Operating Plans.

The Committee was chaired by Eliza Herman.

The key achievements were:

- Oversaw, monitored and provided assurance to the Board covering key finance and performance goals of the PCT Cluster and Clinical Commissioning Groups.
- Met all statutory financial requirements:
  - Revenue expenditure was within the approved revenue resource limit.
  - Capital costs were within the approved capital resource limit.
  - Cash remained within the approved cash limit.
- Oversaw QIPP programme delivery
- Oversaw use of non-recurrent transformation funding to enable system transformation

Audit Committee

This committee was constituted in line with the provisions of the NHS Audit Committee and the PCT's Scheme of Reservation and Delegated Authority. Audit Committee arrangements were also specified nationally to ensure that the essential scrutiny and governance function provided by an audit committee was retained, despite PCT closure. The Department of Health facilitated the establishment of audit committees to support the final accounts process, thereby providing a mechanism with the appropriate status to discharge the necessary responsibilities. The non-executive directors that formed the committee were identified locally.

The objectives of the Committee are to:

- Provide an independent and objective review of the effectiveness of internal control arrangements.
- Provide assurance to the PCT Board on the systems of internal control and risk management across all functions and is supported by internal audit.

The Committee is chaired by Paul Smith and met six times during the year.

The key achievements were:

- The Committee oversaw the audit of the 2012/13 accounts, the internal and external audit plans and the risk management and internal control processes (financial and quality), including control processes around counter fraud.

Accounts Scrutiny and Sign-Off

The accountability arrangements for the 2012/13 financial accounts were in line with the nationally defined accounts scrutiny and sign off process. From 1st April 2013 when PCTs were abolished, NHS England Area Team Directors continued to discharge the responsibilities associated with the closedown, until completion. For the PCT this entailed the set-up of a local delivery team to secure an effective Accounts preparation and audit process. The Director, as the PCT's former accountable officer, has responsibility for signing the accounts and the supporting statements.

The System of Internal Control

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

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

The systems of internal control were in place in Hertfordshire Primary Care Trust for the whole year ending 31st March 2013.

4.0 BOARD EFFECTIVENESS

Priority areas for the year included:

- Successfully delivery of the changes required as part of the Health & Social Care Act
- Deliver financial health including the delivery of QIPP targets
- Deliver service quality improvements through commissioned providers, ensuring high standards of performance as commissioners

5.0 COMPLIANCE WITH THE CODE OF GOVERNANCE

The Board is bound by the Code of Governance which requires Boards of NHS organisations to exercise the same standards of governance that apply to all private and public sector organisations.

This means that Boards must work together and take collective responsibility for the performance of the organisation, including financial, service and clinical performance. Not all of the agreed objectives were fully delivered in year, indicating a need to improve the effectiveness of the process for setting deliverable objectives and the controls that are in place for monitoring delivery.

The Board operates as a unitary Board. This means that all Board members work as equals to act in the best interests of the organisation.

The Board meets the criteria set out in the Code of Governance in relation to the independence of Non-Executive Directors.

There are clear committee structures and the responsibilities of individual committees are set out in their terms of reference and the Scheme of Delegation. The Clinical Standards Committee, Audit Committee, Finance and Performance Committee and Risk and Assurance Committees played a critical role in reviewing Governance issues, and in maintaining an overview of the progress towards the authorisation of CCGs and Hertfordshire Integrated Commissioning Support Unit (CSU).

The Committees contributed towards management of the transition to the new NHS system, including having amongst their membership representatives from each CCG, and also receiving regular update reports from the Public Health Transition Board.

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

6.0 RISK ASSESSMENT

The PCT Corporate Entity

For the period of this statement the PCT, as a corporate entity, vested all its capacity to handle risk in the systems and structures.

Day to day responsibility for risk management was delegated to all Executive Directors of the Board with executive leadership.

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

Clinical Commissioning Groups

During 2012/13 the PCT has continued to support the development of two Clinical Commissioning Groups (CCGs) in Hertfordshire: NHS East and North Hertfordshire CCG and NHS Herts Valleys CCG. Both have successfully negotiated the authorisation process and have been established as statutory bodies who will take on their responsibilities on 1st April 2013. Three Hertfordshire General Practitioner practices have joined NHS Cambridgeshire and Peterborough CCG.

Commissioning Support Unit

In addition to supporting the development of the CCGs the PCT has been actively involved in the establishment of the Central Eastern Support Unit. Groups were established to ensure the PCT and CCGs received assurances on the establishment of Hertfordshire Integrated Commissioning Support Unit and the processes by which staff and assets would be transferred to the new bodies. Each area developed its own local risk register that fed into the corporate risk register, which has been reviewed on a weekly basis by the Senior Management Team and at PMO Committee meetings.

7.0 THE RISK AND CONTROL FRAMEWORK

Risk Management

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

By ensuring that all staff were aware of their responsibilities for both governance (all elements) and health and safety, a substantial amount of progress was made towards ensuring ownership of risk by staff

The PCT Board received reports on the high scoring corporate risks that impacted on the successful achievement of the PCT's strategic objectives. This included any risk highlighted with regard to the performance of providers in their delivery of clinical services and any risk to patients potentially arising. Where any such risks were identified the Board took action to mitigate those risks through direct contact with providers, including the implementation of improvement plans, application of fines and risk summits as appropriate. Details of any such actions are contained within Board papers.

Within the year a risk relating to the potential financial impact of retrospective Continuing Health Claims (CHC) arose. The PCT implemented a system for the identification and assessment of such claims and found the financial capacity to meet the probable financial impact to the Hertfordshire system without detriment to the delivery of other financial and performance duties and requirements.

Corporate Objectives and the Board Assurance Framework

Through the Assurance Framework process the PCT has identified its principal risks and the controls in place to mitigate against their occurrence.

The framework has been proactively reviewed by senior staff on a regular basis and refocused to reflect the PCT's closedown and transition role and was signed off by the PCT Board in March 2013.

Internal and External Audit

Both Internal and External Audit carry out independent reviews of systems and processes within the organisation. Recommendations and action plans are put in place following these reviews to ensure controls are safe and adequate, providing safeguard of assets and resources.

Counter Fraud and Deterrence

During 2012/13 the PCT continued to deliver an in-house counter fraud service supplemented by RSM Tenon. The Local Counter Fraud Specialist regularly met with the Director of Finance to review the Counter Fraud plan and discuss cases. The Counter Fraud arrangements and on-going work were regularly reviewed by the PCT's Audit Committee.

Information Governance

The Director of Primary Care Development was the Executive Lead on the Board for Information Governance. The Director of Human Resources was the Senior Information Risk Officer (SIRO).

The Caldicott Guardian was the Director of Nursing and Quality for the PCT.

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

Data Security

All Information Governance incidents are fully investigated and remedial actions undertaken. These include incidents relating to person identifiable data loss, any breach of confidentiality, the insecure disposal of information and any other incidents where staff or patient information may have been at risk.

All staff are trained and encouraged to report all incidents and near misses to ensure that the reason for occurrence of an incident can be identified and measures taken to prevent recurrence.

Appendix B of the Department of Health Guidance on Information Governance Assurance issued in May 2008 (Gateway reference 9912) only requires serious untoward data security breaches rated at level 3 or above to be declared in this statement. In 2012/13 there were no reported serious incidents involving personal data.

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

Equality, Diversity and Human Rights

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

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

Following the adoption of the Equality Delivery System (EDS) in 2011/12 the PCT undertook a detailed review on how the organisation was meeting the objectives of the EDS and outcomes of this review have been shared with successor organisations.

Sustainability

The PCT has a Trust-wide commitment to reduce its carbon footprint from the 2008/09 baseline by 2013. A Carbon Management Plan was been produced and approved by the board.

8.0 SIGNIFICANT ISSUES

Other than the matters previously referred to in section 7 above there were no significant issues arising in 2012/13 that warrant additional reporting in this statement.

9.0 REVIEW OF EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL

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

The Head of Internal Audit's annual opinion on the system of internal control is based on an agreed programme of work undertaken throughout the financial year. Based on the work undertaken in 2012/13, significant assurance can be given that there is a sound system of internal control which is designed to meet the organisation's objectives and controls are being consistently applied in all the areas reviewed.

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

My review is also informed via assurances provided by:-

- NHS Midlands and East (Strategic Health Authority);
- Ernst and Young (External Audit), and
- Internal Audit reviews conducted by RSM Tenon

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

- PCT Board
- Executive Team
- Audit Committee
- Transition PMO

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

Existence and robustness of controls were tested by the PCTs Auditors, with any identified weaknesses being reported to the Audit Committee, as appropriate.

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

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

My review confirms that Hertfordshire Primary Care Trust had a generally sound system of internal control that supported the achievement of its policies, aims and objectives.

Signed .....Jane Halpin.....
Jane Halpin
Chief Executive, Hertfordshire Primary Care Trust

Dated ....7.6.13....

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	**24,248**	21,096
Other costs	5.1	**1,793,262**	1,749,518
Income	4	**(58,741)**	(55,174)
Net operating costs before interest		**1,758,769**	1,715,440
Investment income	9	**(16)**	(25)
Other (Gains)/Losses	10	**(15)**	(15)
Finance costs	11	**6,192**	3,735
Net operating costs for the financial year		**1,764,930**	1,719,135
Transfers by absorption -(gains)		**0**	
Transfers by absorption - losses		**0**	
Net (gain)/loss on transfers by absorption		**0**	
Net Operating Costs for the Financial Year including adsorption transfers		**1,764,930**	**1,719,135**
Of which:			
Administration Costs			
Gross employee benefits	7.1	**21,144**	19,455
Other costs	5.1	**26,785**	26,955
Income	4	**(17,741)**	(18,242)
Net administration costs before interest		**30,188**	**28,168**
Investment income	9	**0**	(25)
Other (Gains)/Losses	10	**(15)**	(15)
Finance costs	11	**70**	199
Net administration costs for the financial year		**30,243**	**28,327**
Programme Expenditure			
Gross employee benefits	7.1	**3,104**	1,641
Other costs	5.1	**1,766,477**	1,722,563
Income	4	**(41,000)**	(36,932)
Net programme expenditure before interest		**1,728,581**	**1,687,272**
Investment income	9	**(16)**	0
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**6,122**	3,536
Net programme expenditure for the financial year		**1,734,687**	**1,690,808**

Other Comprehensive Net Expenditure	2012-13 £000	2011-12 £000
Impairments and reversals put to the Revaluation Reserve	**0**	694
Net (gain) on revaluation of property, plant & equipment	**(2,318)**	(1,279)
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**	
Release of Reserves to Statement of Comprehensive Net Expenditure	**0**	
Net actuarial (gain)/loss on pension schemes	**0**	0
Reclassification Adjustments		
Reclassification adjustment on disposal of available for sale financial assets	**0**	0
Total comprehensive net expenditure for the year*	**1,762,612**	**1,718,550**

*This is the sum of the rows above plus net operating costs for the financial year after absorption accounting adjustments.

The notes on pages 5 to 44 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	12.1	**134,231**	140,900
Intangible assets	13	**0**	0
investment property	15	**0**	0
Other financial assets	20	**652**	439
Trade and other receivables	19	**901**	964
Total non-current assets		**135,784**	142,303
Current assets:			
Inventories	18	**0**	919
Trade and other receivables	19	**10,354**	23,743
Other financial assets	36	**0**	0
Other current assets	22	**0**	0
Cash and cash equivalents	23	**419**	0
Total current assets		**10,773**	24,662
Non-current assets held for sale	24	**8,825**	800
Total current assets		**19,598**	25,462
Total assets		**155,382**	167,765
Current liabilities			
Trade and other payables	25	**(109,825)**	(103,564)
Other liabilities	26,28	**0**	0
Provisions	32	**(7,421)**	(6,716)
Borrowings	27	**(5,728)**	(5,567)
Other financial liabilities	36.2	**0**	0
Total current liabilities		**(122,974)**	(115,847)
Non-current assets plus/less net current assets/liabilities		**32,408**	51,918
Non-current liabilities			
Trade and other payables	25	0	0
Other Liabilities	28	0	0
Provisions	32	(18,238)	(3,224)
Borrowings	27	(42,489)	(45,540)
Other financial liabilities	36.2	0	0
Total non-current liabilities		(60,727)	(48,764)
Total Assets Employed:		**(28,319)**	3,154
Financed by taxpayers' equity:			
General fund		(54,936)	(21,145)
Revaluation reserve		26,617	24,299
Other reserves		0	0
Total taxpayers' equity:		**(28,319)**	3,154

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

The financial statements on pages 1 to 4 were approved by the Audit Committee on 3 June 2013 and signed on its behalf by

Designated Signing Officer: Jane Halpin Date: 6.6.13

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

	General fund	Revaluation reserve	Other reserves	Total reserves
	£000	£000	£000	£000
Balance at 1 April 2012	**(21,145)**	**24,299**	**0**	**3,154**
Changes in taxpayers' equity for 2012-13				
Net operating cost for the year	(1,764,930)			**(1,764,930)**
Net gain on revaluation of property, plant, equipment		2,318		**2,318**
Net gain on revaluation of intangible assets		0		**0**
Net gain on revaluation of financial assets		0		**0**
Net gain on revaluation of assets held for sale		0		**0**
Impairments and reversals		0		**0**
Movements in other reserves			0	**0**
Transfers between reserves*	0	0		**0**
Release of Reserves to SOCNE		0		**0**
Reclassification Adjustments				
Transfers between Revaluation Reserve & General Fund in respect of assets transferred under absorption	0	0		**0**
Net actuarial gain/(loss) on pensions	0		0	**0**
Total recognised income and expense for 2012-13	**(1,764,930)**	**2,318**	**0**	**(1,762,612)**
Net Parliamentary funding	1,731,139			**1,731,139**
Balance at 31 March 2013	**(54,936)**	**26,617**	**0**	**(28,319)**
Balance at 1 April 2011	**(23,645)**	**23,714**	**0**	**69**
Changes in taxpayers' equity for 2011-12				
Net operating cost for the year	(1,719,135)			(1,719,135)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment		1,279		1,279
Net Gain / (loss) on Revaluation of Intangible Assets		0		0
Net Gain / (loss) on Revaluation of Financial Assets		0		0
Net Gain / (loss) on Assets Held for Sale		0		0
Impairments and Reversals		(694)		(694)
Movements in other reserves			0	0
Transfers between reserves*	0	0		0
Release of Reserves to Statement of Comprehensive Net Expenditure		0		0
Reclassification Adjustments				
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	0	0	0
On disposal of available for sale financial assets	0	0	0	0
Net actuarial gain/(loss) on pensions	0		0	0
Total recognised income and expense for 2011-12	(1,719,135)	585	0	(1,718,550)
Net Parliamentary funding	1,721,635			1,721,635
Balance at 31 March 2012	**(21,145)**	**24,299**	**0**	**3,154**

Statement of cash flows for the year ended 31 March 2013

	2012-13 £000	2011-12 £000
Cash Flows from Operating Activities		
Net Operating Cost Before Interest	(1,758,769)	(1,715,440)
Depreciation and Amortisation	7,000	5,921
Impairments and Reversals	(102)	1,930
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	(6,152)	(3,591)
Release of PFI/deferred credit	0	0
(Increase)/Decrease in Inventories	919	(358)
(Increase)/Decrease in Trade and Other Receivables	13,452	2,136
(Increase)/Decrease in Other Current Assets	0	0
Increase/(Decrease) in Trade and Other Payables	5,485	(12,337)
(Increase)/Decrease in Other Current Liabilities	0	0
Provisions Utilised	(4,472)	(2,777)
Increase/(Decrease) in Provisions	20,151	7,224
Net Cash Inflow/(Outflow) from Operating Activities	(1,722,488)	(1,717,292)
Cash flows from investing activities		
Interest Received	4	0
(Payments) for Property, Plant and Equipment	(5,510)	(2,924)
(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)	376	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	(212)	0
Loans Repaid in Respect of LIFT	0	0
Rental Revenue	0	0
Net Cash Inflow/(Outflow) from Investing Activities	(5,342)	(2,924)
Net cash inflow/(outflow) before financing	(1,727,830)	(1,720,216)
Cash flows from financing activities		
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT	(2,890)	(1,419)
Net Parliamentary Funding	1,731,139	1,721,635
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	1,728,249	1,720,216
Net increase/(decrease) in cash and cash equivalents	419	0
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period	0	0
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	419	0

1. Accounting policies

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

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

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

1.1 Accounting Conventions

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities

Acquisitions and Discontinued Operations

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

Critical accounting judgements and key sources of estimation uncertainty

In the application of the PCT's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors, that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

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

Prescription Services

Hertfordshire PCT receives financial information from NHS Prescription Services who process prescription items to reimburse and remunerate pharmacy contractors. In addition they supply the PCT with information relating to the cost of drugs prescribed by Independent GP's, PCT run Practices and other PCT Services.
Information is available 2.2 months in arrears and therefore the PCT must estimate February and March costs using the PPA estimated cumulative profile to provide the total expenditure in the year. The estimate for 2012/13 was £25.4m and was based on information provided by NHS Business Services Authority, and included in Trade and Other Payables.

The Quality and Outcomes Framework (QOF)

The Quality and Outcomes Framework (QOF) is a voluntary annual reward and incentive programme for all GP surgeries in England, detailing practice achievement results. There are two elements to the payment made to GP's. The Aspiration element - this is an upfront payment paid in equal instalments during the financial year, based on 70% of previous years total payment and is paid as an incentive for practices to adhere to QOF. The second element is Achievement - this payment is the difference between what the practices actually achieve and the payment already made through the Aspiration element.

The qualifying period for QOF runs 1st April to 31st March. As a consequence of this time period final QOF information is not known until May/June of the following financial year. For the purposes of Annual Accounts the estimate for projected QOF outturn in 2012/13 is £25.4m. Aspiration payments of £17.5m based on the minimum 70% of 11-12 final Achievement were made during the year ending in March 2013. The difference between the projected outturn and the payments made in year of £7.9m are included in Trade and Other Payables.

1. Accounting policies (continued)

Dental Services

The PCT receives financial information from NHS Dental Services who process FP17s and remunerate dental contractors. Each dental contractor has a contract to perform a certain amount of activity (Units of Dental Activity (UDAs)) at an agreed price per UDA. The dental contractors are then paid 1/12 of the total contract value each month. As actual year end activity information will not be known until mid June, estimations of performance have been calculated. If dental practices under perform against their activity target the practice will be asked to either make up the under performance in the following financial year or repay the PCT. The estimated value of underperformance treated as a prepayment (dentists make up the under performance in the following financial year) is £49k. The estimated value of the underperformance to be repaid is £96k. These amounts are included in accruals and prepayments.
In addition to prepayments, the PCT also has estimated the level of patient charge revenue that has not been credited to the PCT's cash limit by 31st March. This estimate of £862k is based on receipts for the year to date adjusted for the average time lag in the reporting of dental activity for the PCT.

Secondary Healthcare

Secondary care activity reports are received from providers monthly, but activity information for the final month of the year is not available in time for the accounts and estimates are made in agreement with providers. A full reconciliation is undertaken once actual activity is agreed which is at the end of the first quarter of the following year. Any increase or decrease in activity (if any) becomes a charge or credit in the next financial year. Historically, when these estimates have been compared to the subsequent actual data, they have not been materially different.
Estimation techniques are used to ensure that the correct levels of income and expenditure due relating to current year are included through the inclusion of accruals based on known commitments and local knowledge.

Continuing Care Provision

A provision of £16.9m has been created, representing the estimated cost of settling 1,347 outstanding claims for retrospective continuing health care funding. These claims comprise 53 retrospective review / appeal cases raised prior to 1 April 2012 and 1,294 claims received during the financial year 2012/13.
The estimated cost of settlement has been calculated as follows:

The estimated claim value equals the number of days in the period covered by the claim multiplied by the typical daily cost of care (based on £800 per week or £800 less £108.70 where the patient was known to be in receipt of FNC funding). The multiplier equals the likelihood of a successful claim. Interest is then applied to the resultant figure, based on the average interest payment made on cases settled during 2012/13. The likely staff resource required to process the claims is also added to the cost, at an average rate of £1,500 per claim.

The key source of estimation uncertainty within this provision is therefore in multiplier of success applied to each claim. Based on our review this is set at either 90%, 50% or 10% and is therefore the key estimation within the provision.

1.3 Pooled budgets

The PCT has entered into a pooled budget with Hertfordshire County Council. Under the arrangement funds are pooled under S75 of the NHS Act 2006 for Mental Health, Learning Disabilities and certain other services.
The pool is hosted by Hertfordshire County Council. The PCT makes contributions to the pool for services to be provided as part of its commissioning role.
In accordance with IAS31, the PCT's share of the assets and liabilities of the pool will be accounted for in the books of accounts as determined in the pooled budget agreement.

1.4 Taxation

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

1.5 Administration and Programme Costs

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

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

1. 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

Until 31 March 2008, the depreciated replacement cost of specialised buildings has been estimated for an exact replacement of the asset in its present location. HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. In view of this change in approach, Hertfordshire Primary Care Trust instructed Boshier & Company an independent firm of chartered surveyors (RICS), to provide advice in accordance with IAS 16 in respect of various freehold properties forming part of the PCT's estate as at 31 March 2010.

From 1 April 2012, the PCT used the services of Boshier & Company to research land values locally (Hertfordshire) over the previous 12 months. There was no change in Land valuation as at 31st March 2013. For buildings, the advice of Boshier & Company was that there has been no material change in the value of either Buildings or External Works of the Trust's fixed assets over the last 12 months.

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 ceased. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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

Subsequent expenditure

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

1. Accounting policies (continued)

1.7 Intangible Assets

Recognition

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

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

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

Measurement

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

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

1.8 Depreciation, amortisation and impairments

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

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

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

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

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

1. Accounting policies (continued)

1.9 Donated assets

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

1.10 Government grants

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

1.11 Non-current assets held for sale

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

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

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

1.12 Inventories

Inventories are valued at the lower of cost and net realisable value.

1.13 Cash and cash equivalents

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

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

1.14 Losses and Special Payments

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

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

1.15 Clinical Negligence Costs

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

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

1. Accounting policies (continued)

1.16 Employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Retirement benefit costs

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

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

1.17 Research and Development

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

1.18 Other expenses

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

1.19 Grant making

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

1.20 EU Emissions Trading Scheme

EU Emission Trading Scheme allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the NHS body makes emissions, a provision is recognised with an offsetting transfer from deferred income. The provision is settled on surrender of the allowances. The asset, provision and deferred income are valued at fair value at the end of the reporting period.

1. Accounting policies (continued)

1.21 Contingencies

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

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

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

1.22 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The PCT as lessee

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

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

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

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

The PCT as lessor

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

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.23 Foreign exchange

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

1.24 Provisions

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

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

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

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

1. Accounting policies (continued)

1.25 Financial Instruments

Financial assets

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

Financial assets are initially recognised at fair value.

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

Financial assets at fair value through profit and loss

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

Held to maturity investments

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

Available for sale financial assets

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

Loans and receivables

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

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques

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

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

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

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

1. Accounting policies (continued)

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

Financial liabilities are initially recognised at fair value.

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

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

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

1.26 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
The PFI 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.

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 PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

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

1. Accounting policies (continued)

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

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

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

c) Lifecycle replacement
Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the PCT's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

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

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

1.27 Accounting Standards that have been issued but have not yet been adopted

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

IAS 27 Separate Financial Statements - subject to consultation
IAS 28 Investments in Associates and Joint Ventures - subject to consultation
IFRS 9 Financial Instruments - subject to consultation - subject to consultation
IFRS 10 Consolidated Financial Statements - subject to consultation
IFRS 11 Joint Arrangements - subject to consultation
IFRS 12 Disclosure of Interests in Other Entities - subject to consultation
IFRS 13 Fair Value Measurement - subject to consultation
IPSAS 32 - Service Concession Arrangement - subject to consultation

1.28 Going Concern

Under the provisions of The Health and Social Care Act 2012 (Commencement No.4. Transitional, Savings and Transitory Provisions) Order 2013, Hertfordshire Primary Care Trust was dissolved on 1st April 2013. The PCT's functions, assets and liabilities transferred to other public sector entities is as outlined in Note 41 Events after the Reporting Period. Where reconfigurations of this nature take place within the public sector, Government accounting requires that the activities concerned are to be considered as continuing operations, and so the closing entity prepares accounts on a "going concern" basis.
The SOFP has therefore been drawn up at 31 March 2013 on the same basis as in previous years, reporting balances on the same basis as would a continuing entity.

2. Operating Segments

It is considered that the PCT has one operational segment covering its core activities.

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		1,719,135
Net operating cost plus (gain)/loss on transfers by absorption	1,764,930	
Adjusted for prior period adjustments in respect of errors	0	0
Revenue Resource Limit	1,767,931	1,719,648
Under/(Over)spend Against Revenue Resource Limit (RRL)	3,001	513

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	6,929	46,907
Charge to Capital Resource Limit	5,936	46,770
(Over)/Underspend Against CRL	993	137

3.3 Under/(Over)spend against cash limit

	2012-13 £000	2011-12 £000
Total Charge to Cash Limit	1,731,139	1,721,635
Cash Limit	1,763,639	1,721,635
Under/(Over)spend Against Cash Limit	32,500	0

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

	2012-13 £000
Total cash received from DH (Gross)	1,509,356
Less: Trade Income from DH	0
Less/(Plus): movement in DH working balances	2
Sub total: net advances	1,509,358
(Less)/plus: transfers (to)/from other resource account bodies (free text note required)	0
Plus: cost of Dentistry Schemes (central charge to cash limits)	82,628
Plus: drugs reimbursement (central charge to cash limits)	139,153
Parliamentary funding credited to General Fund	1,731,139

4 Miscellaneous Revenue

	2012-13 Total	2012-13 Admin	2012-13 Programme	2011-12
	£000	£000	£000	£000
Fees and Charges	0	0	0	0
Dental Charge income from Contractor-Led GDS & PDS	15,607		15,607	15,866
Dental Charge income from Trust-Led GDS & PDS	0		0	0
Prescription Charge income	8,730		8,730	7,807
Strategic Health Authorities	8,621	183	8,438	7,960
NHS Trusts	12,896	10,641	2,255	6,375
NHS Foundation Trusts	2,471	2,471	0	1,669
Primary Care Trusts Contributions to DATs	0		0	0
Primary Care Trusts - Other	3	3	0	3
Primary Care Trusts - Lead Commissioning	2,625	952	1,673	1,404
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	739	48	691	691
Recoveries in respect of employee benefits	0	0	0	0
Local Authorities	705	0	705	492
Patient Transport Services	0		0	0
Education, Training and Research	45	13	32	0
Non-NHS: Private Patients	0		0	0
Non-NHS: Overseas Patients (Non-Reciprocal)	0		0	0
NHS Injury Costs Recovery	0		0	0
Other Non-NHS Patient Care Services	90	0	90	0
Charitable and Other Contributions to Expenditure	0		0	14
Receipt of donated assets	0		0	0
Receipt of Government granted assets	0		0	0
Rental revenue from finance leases	0	0	0	0
Rental revenue from operating leases	510	510	0	525
Other revenue	5,699	2,920	2,779	12,368
Total miscellaneous revenue	58,741	17,741	41,000	55,174

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	155,243		155,243	129,988
Non-Healthcare	1,242	948	294	1,120
Total	156,485	948	155,537	131,108
Goods and Services from Other NHS Bodies other than FTs				
Goods and services from NHS Trusts	774,184	519	773,665	803,030
Goods and services (other, excl Trusts, FT and PCT))	29	0	29	94
Total	774,213	519	773,694	803,124
Goods and Services from Foundation Trusts	121,340	298	121,042	96,419
Purchase of Healthcare from Non-NHS bodies	272,163		272,163	249,811
Social Care from Independent Providers	18		18	0
Expenditure on Drugs Action Teams	4,568		4,568	4,572
Non-GMS Services from GPs	6,025	0	6,025	6,804
Contractor Led GDS & PDS (excluding employee benefits)	68,777		68,777	66,508
Salaried Trust-Led PDS & PCT DS (excluding employee benefits)	0		0	0
Chair, Non-executive Directors & PEC remuneration	220	220	0	207
Executive committee members costs	0	0	0	0
Consultancy Services	2,186	2,172	14	669
Prescribing Costs	146,302		146,302	152,825
G/PMS, APMS and PCTMS (excluding employee benefits)	156,203	0	156,203	152,551
Pharmaceutical Services	2,104		2,104	1,936
Local Pharmaceutical Services Pilots	0		0	0
New Pharmacy Contract	39,176		39,176	39,388
General Ophthalmic Services	10,516		10,516	10,328
Supplies and Services - Clinical	401	0	401	1,017
Supplies and Services - General	39	5	34	545
Establishment	2,966	2,849	117	2,432
Transport	718	161	557	531
Premises	14,605	13,387	1,218	15,690
Impairments & Reversals of Property, plant and equipment	(102)	0	(102)	1,188
Impairments and Reversals of non-current assets held for sale	0	0	0	0
Depreciation	7,000	5,134	1,866	5,703
Amortisation	0	0	0	218
Impairment & Reversals Intangible non-current assets	0	0	0	742
Impairment and Reversals of Financial Assets	0	0	0	0
Impairment of Receivables	(14)	0	(14)	24
Inventory write offs	0	0	0	0
Research and Development Expenditure	0	0	0	17
Audit Fees	175	175	0	277
Other Auditors Remuneration	56	56	0	60
Clinical Negligence Costs	0	0	0	0
Education and Training	279	242	37	937
Grants for capital purposes	1,973	0	1,973	1,734
Grants for revenue purposes	0	0	0	0
Impairments and reversals for investment properties	0	0	0	0
Other	4,870	619	4,251	2,153
Total Operating costs charged to Statement of Comprehensive Net Expenditure	1,793,262	26,785	1,766,477	1,749,518
Employee Benefits (excluding capitalised costs)				
Employee Benefits associated with PCTMS	0	0	0	121
Trust led PDS and PCT DS	0	0	0	0
PCT Officer Board Members	849	849	0	608
Other Employee Benefits	23,399	20,295	3,104	20,367
Total Employee Benefits charged to SOCNE	24,248	21,144	3,104	21,096
Total Operating Costs	1,817,510	47,929	1,769,581	1,770,614
Analysis of grants reported in total operating costs				
For capital purposes				
Grants to fund Capital Projects - GMS	1,565	0	1,565	1,011
Grants to Local Authorities to Fund Capital Projects	408	0	408	723
Grants to Private Sector to Fund Capital Projects	0	0	0	0
Grants to Fund Capital Projects - Dental	0	0	0	0
Grants to Fund Capital Projects - Other	0	0	0	0
Total Capital Grants	1,973	0	1,973	1,734
Grants to fund revenue expenditure				
To Local Authorities	0	0	0	0
To Private Sector	0	0	0	0
To Other	0	0	0	0
Total Revenue Grants	0	0	0	0
Total Grants	1,973	0	1,973	1,734

	Total	Commissioning Services	Public Health
PCT Running Costs 2012-13			
Running costs (£000s)	30,243	28,446	1,797
Weighted population (number in units)*	1,003,610	1,003,610	1,003,610
Running costs per head of population (£ per head)	30	28	2
PCT Running Costs 2011-12			
Running costs (£000s)	28,327	26,219	2,108
Weighted population (number in units)	1,003,610	1,003,610	1,003,610
Running costs per head of population (£ per head)	28	26	2

* Weighted population figures are not available for 2012-13 as the weighted capitation formula for PCT allocations was not updated for 2012-13. This was because it was decided to give all PCTs the same percentage growth in their allocations in this transitional year rather than differential growth based on a weighted capitation formula.

Therefore, 2011-12 weighted populations have been used when calculating the Running Costs per head of population in 2012-13.

5.2 Analysis of operating expenditure by expenditure classification	2012-13 £000	2011-12 £000
Purchase of Primary Health Care		
GMS / PMS/ APMS / PCTMS	156,203	152,551
Prescribing costs	146,302	152,825
Contractor led GDS & PDS	68,777	66,508
Trust led GDS & PDS	0	0
General Ophthalmic Services	10,516	10,328
Department of Health Initiative Funding	0	0
Pharmaceutical services	2,104	1,881
Local Pharmaceutical Services Pilots	0	0
New Pharmacy Contract	39,176	39,388
Non-GMS Services from GPs	6,025	6,804
Other	0	1,091
Total Primary Healthcare purchased	**429,103**	431,376
Purchase of Secondary Healthcare		
Learning Difficulties	24,360	25,865
Mental Illness	145,489	147,713
Maternity	59,239	55,973
General and Acute	814,854	795,792
Accident and emergency	50,062	42,515
Community Health Services	119,632	124,009
Other Contractual	116,950	93,691
Total Secondary Healthcare Purchased	**1,330,586**	1,285,558
Grant Funding		
Grants for capital purposes	1,973	1,734
Grants for revenue purposes	0	0
Total Healthcare Purchased by PCT	**1,761,662**	**1,718,668**
PCT self-provided secondary healthcare included above	0	0
Social Care from Independent Providers	18	0
Healthcare from NHS FTs included above	121,042	96,419

6. Operating Leases

The PCT has arrangements with contractors that under IFRS must be accounted for as leases. Hertfordshire PCT has entered into certain financial arrangements involving the use of GP premises. Under IFRIC 4 and IAS 17, those operating leases must be recognised, but, as there is no defined term in the arrangements entered into, it is not possible to analyse the arrangements over financial years. The financial value included in the Operating Cost Statement for 2012/13 is £10.3m (£10.2m in 2011/12).

6.1 PCT as lessee

	Land £000	Buildings £000	Other £000	2012-13 Total £000	2011-12 £000
Payments recognised as an expense					
Minimum lease payments				**1,458**	1,489
Contingent rents				**0**	0
Sub-lease payments				**0**	0
Total				**1,458**	**1,489**
Payable:					
No later than one year	**91**	**933**	**23**	**1,047**	1,395
Between one and five years	**167**	**1,516**	**2**	**1,685**	2,330
After five years	**0**	**3,596**	**0**	**3,596**	3,821
Total	**258**	**6,045**	**25**	**6,328**	**7,546**
Total future sublease payments expected to be received				2,303	2,433

6.2 PCT as lessor

The PCT has a number of premises that it obtains rental income from. Of these, the unexpired terms of the leases range from between 1 to 18 years.

	2012-13 £000	2011-12 £000
Recognised as income		
Rental Revenue	**510**	525
Contingent rents	**0**	0
Total	**510**	525
Receivable:		
No later than one year	**510**	529
Between one and five years	**1,610**	1,817
After five years	**2,978**	3,257
Total	**5,098**	5,603

7. Employee benefits and staff numbers

7.1 Employee benefits

2012-13				Permanently employed			Other		
	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
Employee Benefits - Gross Expenditure									
Salaries and wages	19,327	17,632	1,695	17,438	15,743	1,695	1,889	1,889	0
Social security costs	1,634	1,476	158	1,631	1,473	158	3	3	0
Employer Contributions to NHS BSA - Pensions Division	2,255	2,036	219	2,252	2,033	219	3	3	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	1,032	0	1,032	1,032	0	1,032	0	0	0
Total employee benefits	24,248	21,144	3,104	22,353	19,249	3,104	1,895	1,895	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	24,248	21,144	3,104	22,353	19,249	3,104	1,895	1,895	0
Employee costs capitalised	0	0	0	0	0	0	0	0	0
Gross Employee Benefits excluding capitalised costs	24,248	21,144	3,104	22,353	19,249	3,104	1,895	1,895	0
Recognised as:									
Commissioning employee benefits	24,248			22,353			1,895		
Provider employee benefits	0			0			0		
Gross Employee Benefits excluding capitalised costs	24,248			22,353			1,895		

2012-13				Permanently employed			Other		
	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
Employee Benefits - Revenue									
Salaries and wages	0	0	0	0	0	0	0	0	0
Social Security costs	0	0	0	0	0	0	0	0	0
Employer Contributions to NHS BSA - Pensions Division	0	0	0	0	0	0	0	0	0
Other pension costs	0	0	0	0	0	0	0	0	0
Other Post Employment Benefits	0	0	0	0	0	0	0	0	0
Other Employment Benefits	0	0	0	0	0	0	0	0	0
Termination Benefits	0	0	0	0	0	0	0	0	0
TOTAL excluding capitalised costs	0	0	0	0	0	0	0	0	0

Employee Benefits - Prior- year

	Total £000	Permanently employed £000	Other £000
Employee Benefits Gross Expenditure 2011-12			
Salaries and wages	17,311	16,227	1,084
Social security costs	1,532	1,460	72
Employer Contributions to NHS BSA - Pensions Division	2,247	2,141	106
Other pension costs	0	0	0
Other post-employment benefits	0	0	0
Other employment benefits	0	0	0
Termination benefits	6	6	0
Total gross employee benefits	21,096	19,834	1,262
Less recoveries in respect of employee benefits	0	0	0
Total - Net Employee Benefits including capitalised costs	21,096	19,834	1,262
Employee costs capitalised	0	0	0
Gross Employee Benefits excluding capitalised costs	21,096	19,834	1,262
Recognised as:			
Commissioning employee benefits	21,096		
Provider employee benefits	0		
Gross Employee Benefits excluding capitalised costs	21,096		

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	8	8	0	9	9	1
Ambulance staff	0	0	0	0	0	0
Administration and estates	446	404	42	420	399	21
Healthcare assistants and other support staff	0	0	0	0	0	0
Nursing, midwifery and health visiting staff	22	21	1	22	20	2
Nursing, midwifery and health visiting learners	0	0	0	0	0	0
Scientific, therapeutic and technical staff	31	30	1	26	25	1
Social Care Staff	0	0	0	0	0	0
Other	4	3	1	2	1	1
TOTAL	510	466	44	479	454	25
Of the above - staff engaged on capital projects	0	0	0	0	0	0

7.3 Exit Packages agreed during 2012-13

	2012-13			2011-12		
Exit package cost band (including any special payment element)	*Number of compulsory redundancies	*Number of other departures agreed	Total number of exit packages by cost band	*Number of compulsory redundancies	*Number of other departures agreed	Total number of exit packages by cost band
	Number	Number	Number	Number	Number	Number
Lees than £10,000	5	0	5	1	0	1
£10,001-£25,000	7	3	10	0	0	0
£25,001-£50,000	3	2	5	0	0	0
£50,001-£100,000	1	1	2	0	0	0
£100,001 - £150,000	0	0	0	0	0	0
£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	**16**	**6**	**22**	**1**	**0**	**1**
	£	£	£	£	£	£
Total resource cost	344,095	196,045	**540,140**	6,000	0	**6,000**

This note provides an analysis of Exit Packages agreed during the year. Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme. Where the PCT has agreed early retirements, the additional costs are met by the PCT and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table. The difference between notes 7.1 (£1032k) and 7.3 (£540k) is that 7.3 is the cash payment only and 7.1 includes the charge the NHS Pensions Agency makes to the PCT.

This disclosure reports the number and value of exit packages taken by staff leaving in the year. Note: The expense associated with these departures may have been recognised in part or in full in a previous period.

7.4 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. Actuarial assessments are undertaken in intervening years between formal valuations using updated membership data and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2013, is based on the valuation data as 31 March 2012, updated to 31 March 2013 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates.

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

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

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

c) Scheme provisions

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

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

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

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

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

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

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

8. Better Payment Practice Code

8.1 Measure of compliance

	2012-13 Number	2012-13 £000	2011-12 Number	2011-12 £000
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**30,434**	**283,284**	27,516	255,946
Total Non-NHS Trade Invoices Paid Within Target	**27,599**	**267,530**	25,950	248,043
Percentage of Non NHS Trade Invoices Paid Within Target	90.68%	94.44%	94.31%	96.91%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**3,019**	**973,572**	4,157	1,030,981
Total NHS Trade Invoices Paid Within Target	**2,536**	**960,460**	3,392	1,016,895
Percentage of NHS Trade Invoices Paid Within Target	84.00%	98.65%	81.60%	98.63%

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

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

No payments were made in respect of claims under this legislation in 2012-13 or 2011-12.

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	16	0	16	25
Bank interest	0	0	0	0
Other loans and receivables	0	0	0	0
Impaired financial assets	0	0	0	0
Other financial assets	0	0	0	0
Subtotal	16	0	16	25
Total investment income	16	0	16	25

10. Other Gains and Losses

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Gain/(Loss) on disposal of assets other than by sale (PPE)	0	0	0	0
Gain/(Loss) on disposal of assets other than by sale (intangibles)	0	0	0	0
Gain/(Loss) on disposal of Financial Assets - other than held for sale	0	0	0	0
Gain (Loss) on disposal of assets held for sale	15	15	0	0
Gain/(loss) on foreign exchange	0	0	0	0
Change in fair value of financial assets carried at fair value through the SoCNE	0	0	0	0
Change in fair value of financial liabilities carried at fair value through the SoCNE	0	0	0	15
Change in fair value of investment property	0	0	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0	0	0
Total	15	15	0	15

11. Finance Costs

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Interest				
Interest on obligations under finance leases	55	55	0	77
Interest on obligations under PFI contracts:				
- main finance cost	5,017	0	5,017	2,854
- contingent finance cost	1,065	0	1,065	682
Interest on obligations under LIFT contracts:				
- main finance cost	0	0	0	0
- contingent finance cost	0	0	0	0
Interest on late payment of commercial debt	0	0	0	0
Other interest expense	0	0	0	0
Total interest expense	6,137	55	6,082	3,613
Other finance costs	15	15	0	18
Provisions - unwinding of discount	40		40	104
Total	6,192	70	6,122	3,735

12.1 Property, plant and equipment

2012-13	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:									
At 1 April 2012	42,625	100,023	0	1,397	7,433	20	17,370	3,900	172,768
Additions of Assets Under Construction				557					557
Additions Purchased	0	2,981	0		336	0	2,412	0	5,729
Additions Donated	0	0	0	0	0	0	0	0	0
Additions Government Granted	0	0	0	0	0	0	0	0	0
Additions Leased	0	0	0		0	0	0	0	0
Reclassifications	290	3,255	0	22	(310)	0	0	(3,257)	0
Reclassifications as Held for Sale	(8,375)	0	0	0	0	0	0	0	(8,375)
Disposals other than for sale	0	(124)	0	0	(87)	0	(6,053)	(124)	(6,388)
Upward revaluation/positive indexation	2,318	0	0	0	0	0	0	0	2,318
Impairments/negative indexation	0	0	0	0	0	0	0	0	0
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	0
At 31 March 2013	36,858	106,135	0	1,976	7,372	20	13,729	519	166,609
Depreciation									
At 1 April 2012	3,923	14,800	0	0	1,082	20	10,756	1,287	31,868
Reclassifications	110	972	0		(85)	0	0	(997)	0
Reclassifications as Held for Sale	0	0	0		0	0	0	0	0
Disposals other than for sale	0	(124)	0		(87)	0	(6,053)	(124)	(6,388)
Upward revaluation/positive indexation	0	0	0		0	0	0	0	0
Impairments	0	0	0	0	0	0	1,025	0	1,025
Reversal of Impairments	(1,127)	0	0	0	0	0	0	0	(1,127)
Charged During the Year	0	3,217	0		1,317	0	2,324	142	7,000
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	0
At 31 March 2013	2,906	18,865	0	0	2,227	20	8,052	308	32,378
Net Book Value at 31 March 2013	33,952	87,270	0	1,976	5,145	0	5,677	211	134,231
Purchased	33,952	85,654	0	1,976	5,138	0	5,677	203	132,600
Donated	0	1,616	0	0	7	0	0	8	1,631
Government Granted	0	0	0	0	0	0	0	0	0
Total at 31 March 2013	33,952	87,270	0	1,976	5,145	0	5,677	211	134,231
Asset financing:									
Owned	33,952	38,633	0	1,976	657	0	5,677	211	81,106
Held on finance lease	0	298	0	0	14	0	0	0	312
On-SOFP PFI contracts	0	48,339	0	0	4,474	0	0	0	52,813
PFI residual: interests	0	0	0	0	0	0	0	0	0
Total at 31 March 2013	33,952	87,270	0	1,976	5,145	0	5,677	211	134,231

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2012	9,333	14,613	0	0	11	0	0	9	23,966
Movements	(76)	(102)	0	0	(1)	0	0	0	(179)
At 31 March 2013	9,257	14,511	0	0	10	0	0	9	23,787

Additions to Assets Under Construction in 2012-13

	£000
Land	0
Buildings excl Dwellings	557
Dwellings	0
Plant & Machinery	0
Balance as at YTD	557

12.2 Property, plant and equipment

2011-12	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:									
At 1 April 2011	**40,368**	**64,190**	**0**	**865**	**1,270**	**20**	**15,565**	**3,935**	**126,213**
Additions - purchased	0	38,293	0	509	6,163	0	1,805	0	46,770
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Reclassifications	3,749	(3,714)	0	0	0	0	0	(35)	0
Reclassified as held for sale	(800)	0	0	0	0	0	0	0	(800)
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Revaluation & indexation gains	0	1,256	0	23	0	0	0	0	1,279
Impairments	(692)	(2)	0	0	0	0	0	0	(694)
Reversals of impairments	0	0	0	0	0	0	0	0	0
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	0
Cumulative dep netted off cost following revaluatic	0	0	0	0	0	0	0	0	0
At 31 March 2012	**42,625**	**100,023**	**0**	**1,397**	**7,433**	**20**	**17,370**	**3,900**	**172,768**
Depreciation									
At 1 April 2011	**2,777**	**12,270**	**0**		**379**	**20**	**8,744**	**787**	**24,977**
Reclassifications		0	0		0	0	0	0	0
Reclassifications as Held for Sale	0	0	0		0	0	0	0	0
Disposals other than for sale	0	0	0		0	0	0	0	0
Upward revaluation/positive indexation	0	0	0		0	0	0	0	0
Impairments	1,146	42	0	0	0	0	0	0	1,188
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Charged During the Year	0	2,488	0		703	0	2,012	500	5,703
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	0
Cumulative dep netted off cost following revaluatic	0	0	0	0	0	0	0	0	0
At 31 March 2012	**3,923**	**14,800**	**0**	**0**	**1,082**	**20**	**10,756**	**1,287**	**31,868**
Net Book Value at 31 March 2012	**38,702**	**85,223**	**0**	**1,397**	**6,351**	**0**	**6,614**	**2,613**	**140,900**
Purchased	38,702	83,556	0	1,397	6,343	0	6,614	2,604	139,216
Donated	0	1,667	0	0	8	0	0	9	1,684
Government Granted	0	0	0	0	0	0	0	0	0
At 31 March 2012	**38,702**	**85,223**	**0**	**1,397**	**6,351**	**0**	**6,614**	**2,613**	**140,900**
Asset financing:									
Owned	38,702	35,715	0	1,397	728	0	6,614	2,613	85,769
Held on finance lease	0	110	0	0	47	0	0	0	157
On-SOFP PFI contracts	0	49,398	0	0	5,576	0	0	0	54,974
PFI residual: interests	0	0	0	0	0	0	0	0	0
At 31 March 2012	**38,702**	**85,223**	**0**	**1,397**	**6,351**	**0**	**6,614**	**2,613**	**140,900**

Note 12.2 P

12.3 Property, plant and equipment

Assets held at revalued amounts are as follows:

Asset Description	Valuation Date	31 March 2013 £000	31 March 2012 £000	Asset Type
Victory Road (disposed 16 January 2013)		-	350	Land & Buildings
Windmill House	31/03/2013	5,200	3,000	Land & Buildings
Elms Clinic	31/03/2012	450	450	Land & Buildings
Hitchin Hospital	31/03/2013	2,700	1,500	Land & Buildings
Tring Flats	31/03/2010	251	251	Buildings
Queensway Health Centre	31/03/2010	525	525	Land & Buildings
Bishops Stortford Clinic	31/03/2013	476	-	Land & Buildings
		9,602	6,076	

The above property valuations were based on either accepted offers by developers to purchase, or were carried out by independent Chartered Surveyors Boshier & Company. The method of the change is from modern equivalent assets (MEA) to market value (MA). In 2012/13 the impact of this change was an increase in asset value £3.5m of which £2.4m was credited against the Revaluation Reserves and £1.1m to the Statement of Comprehensive Net Expenditure (SoCNE – AME)

12.4 Open Market Value of Assets at balance sheet date	Land	Buildings excl. dwellings	Dwellings	Total
	£000s	£000s	£000s	£000s
Open Market Value at 31 March 2013	9,351	251	0	9,602
Open Market Value at 31 March 2012	5,825	251	0	6,076

12.5 Economic Lives of Non-Current Assets

	Min Life Years	Max Life Years
Intangible Assets		
Software Licences	0	0
Licences and Trademarks	0	0
Patents	0	0
Development Expenditure	0	0
Property, Plant and Equipment		
Buildings exc Dwellings	1	59
Dwellings	0	0
Plant & Machinery	1	14
Transport Equipment	0	0
Information Technology	1	5

13.1 Intangible non-current assets

2012-13	Software internally generated £000	Software purchased £000	Licences & trademarks £000	Patents £000	Development expenditure £000	Total £000
At 1 April 2012	0	78	0	0	1,089	1,167
Additions - purchased	0	0	0	0	0	0
Additions - internally generated	0	0	0	0	0	0
Additions - donated	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0
Additions Leased	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation & indexation gains	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
In-year transfers to/from NHS bodies	0	0	0	0	0	0
At 31 March 2013	0	78	0	0	1,089	1,167
Amortisation						
At 1 April 2012	0	78	0	0	1,089	1,167
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation or indexation gains	0	0	0	0	0	0
Impairments charged to operating expenses	0	0	0	0	0	0
Reversal of impairments charged to operating expense:	0	0	0	0	0	0
Charged during the year	0	0	0	0	0	0
In-year transfers to NHS bodies	0	0	0	0	0	0
At 31 March 2013	0	78	0	0	1,089	1,167
Net Book Value at 31 March 2013	0	0	0	0	0	0
Net Book Value at 31 March 2013 comprises						
Purchased	0	0	0	0	0	0
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
Total at 31 March 2013	0	0	0	0	0	0

Revaluation reserve balance for intangible non-current assets

	Software internally generated £000's	Software purchased £000's	Licences & trademarks £000's	Patents £000's	Development expenditure £000's	Total £000's
At 1 April 2012	0	0	0	0	0	0
Movements (specify)	0	0	0	0	0	0
At 31 March 2013	0	0	0	0	0	0

13.2 Intangible non-current assets

2011-12	Software internally generated	Software purchased	Licences & trademarks	Patents	Development expenditure	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2011	0	78	0	0	1,089	1,167
Additions - purchased	0	0	0	0	0	0
Additions - internally generated	0	0	0	0	0	0
Additions - donated	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation & indexation gains	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
In-year transfers to/from NHS bodies	0	0	0	0	0	0
Cumulative dep netted off cost following revaluation	0	0	0	0	0	0
At 31 March 2012	0	78	0	0	1,089	1,167
Amortisation						
At 1 April 2011	0	78	0	0	129	207
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation or indexation gains	0	0	0	0	0	0
Impairments charged to operating expenses	0	0	0	0	742	742
Reversal of impairments charged to operating expenses	0	0	0	0	0	0
Charged during the year	0	0	0	0	218	218
In-year transfers to NHS bodies	0	0	0	0	0	0
Less cumulative dep written down on revaluation	0	0	0	0	0	0
At 31 March 2012	0	78	0	0	1,089	1,167
Net Book Value at 31 March 2012	0	0	0	0	0	0
Net Book Value at 31 March 2012 comprises						
Purchased	0	0	0	0	0	0
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
Total at 31 March 2012	0	0	0	0	0	0

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

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000
Property, Plant and Equipment Impairments and reversals taken to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Over-specification of assets	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	0	0	0
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	0		0
Changes in market price	(102)		(102)
Total charged to Annually Managed Expenditure	(102)		(102)
Property, Plant and Equipment Impairments and reversals charged to the revaluation reserve			
Loss or damage resulting from normal operations	0		
Over Specification of Assets	0		
Abandonment of assets in the course of construction	0		
Unforeseen obsolescence	0		
Loss as a result of catastrophe	0		
Other	0		
Changes in market price	0		
Total impairments for PPE charged to reserves	0		
Total Impairments of Property, Plant and Equipment	(102)	0	(102)
Intangible assets Impairments and reversals charged to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Over-specification of assets	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	0	0	0
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	0		0
Changes in market price	0		0
Total charged to Annually Managed Expenditure	0		0
Intangible Assets Impairments and reversals charged to the Revaluation Reserve			
Loss or damage resulting from normal operations	0		
Over-specification of assets	0		
Abandonment of assets in the course of construction	0		
Unforeseen obsolescence	0		
Loss as a result of catastrophe	0		
Other	0		
Changes in market price	0		
Total impairments for Intangible Assets charged to Reserves	0		
Total Impairments of Intangibles	0	0	0
Financial Assets charged to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Total charged to Departmental Expenditure Limit	0	0	0
Loss as a result of catastrophe	0		0
Other	0		0
Total charged to Annually Managed Expenditure	0		0
Financial Assets Impairments and reversals charged to the Revaluation Reserve			
Loss or damage resulting from normal operations	0		
Loss as a result of catastrophe	0		
Other	0		
TOTAL Impairments for Financial Assets charged to reserves	0		
Total Impairments of Financial Assets	0	0	0
Non-current assets held for sale - Impairments and reversals charged to SoCNE.			
Loss or damage resulting from normal operations	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	0	0	0
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	0		0
Changes in market price	0		0
Total charged to Annually Managed Expenditure	0		0
Total Impairments of non-current assets held for sale	0	0	0
Inventories - Impairments and reversals charged to SoCNE			
Loss or Damage Resulting from Normal Operations	0	0	0
Total charged to Departmental Expenditure Limit	0	0	0
Unforeseen Obsolescence	0		0
Loss as a Result of a Catastrophe	0		0
Other (Free text note required)*	0		0
Changes in Market Price	0		0
Total charged to Annually Managed Expenditure	0		0
Total Impairments of Inventories	0	0	0
Investment Property Impairments charged to SoCNE			
Loss or Damage Resulting from Normal Operations	0	0	0
Total charged to Departmental Expenditure Limit	0	0	0
Unforeseen Obsolescence	0		0
Loss as a Result of a Catastrophe	0		0
Other (Free text note required)*	0		0
Changes in Market Price	0		0
Total charged to Annually Managed Expenditure	0		0
Total Investment Property Impairments charged to SoCNE	0	0	0
Investment Property Impairments and reversals charged to the Revaluation Reserve			
Loss or Damage Resulting from Normal Operations	0		
Over Specification of Assets	0		
Abandonment of Assets in the Course of Construction	0		
Unforeseen Obsolescence	0		
Loss as a Result of a Catastrophe	0		
Other (Free text note required)*	0		
Changes in Market Price	0		
TOTAL Impairments for Investment Property charged to Reserves	0		
Total Investment Property Impairments	0	0	0
Total Impairments charged to Revaluation Reserve	0		
Total Impairments charged to SoCNE - DEL	0	0	0
Total Impairments charged to SoCNE - AME	(102)		(102)
Overall Total Impairments	(102)	0	(102)

Of which:

Windmill House

This is a vacant property which was declared surplus to the requirement of the PCT on the 28th March 2012. At that Board meeting permission was given for the disposal of the site. Contracts have exchange on this property at the new market value of £5.2m from Heronslea LTD. The has resulted in an overall increase in asset value of £2.2m, of this £0.7m has been charged to SoCNE-AME and the balance £1.5m credited to the Revaluation Reserve.

Hitchin Hospital

At the PCT Board meeting dated 28th March 2012 Hitchin Hospital was declared surplus with all services ceasing in June 2012. Contracts have exchange on this property at the new market value of £2.7m from Premier Developments (Hitchin) Ltd. This has resulted in an overall increase in asset value of £1.2m, of this £0.4m has been charged to SoCNE-AME and the balance £0.8m credited to the Revaluation Reserve.

Elms Clinic

This is a vacant property which was declared surplus to the requirement of the PCT. Contracts have now exchange at the new market value of £0.5m from GPG No5 Ltd.

15 Investment property

The PCT does not have any investment property.

16 Commitments

There are no capital or other financial commitments for 2012-13 or 2011-12.

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	1,612	0	6,847	0
Balances with Local Authorities	349	0	1,139	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	5,214	0	22,258	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	3,179	901	79,581	0
At 31 March 2013	**10,354**	**901**	**109,825**	**0**
prior period:				
Balances with other Central Government Bodies	2,695	0	2,365	0
Balances with Local Authorities	231	0	1,320	0
Balances with NHS Trusts and Foundation Trusts	11,814	0	18,162	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	9,003	964	81,717	0
At 31 March 2012	**23,743**	**964**	**103,564**	**0**

18 Inventories

	Drugs £000	Consumables £000	Energy £000	Work in progress £000	Loan Equipment £000	Other £000	Total £000
Balance at 1 April 2012	**0**	**0**	**0**	**0**	**919**	**0**	**919**
Additions	0	0	0	0	0	0	**0**
Inventories recognised as an expense in the period	0	0	0	0	(919)	0	**(919)**
Write-down of inventories (including losses)	0	0	0	0	0	0	**0**
Reversal of write-down previously taken to SoCNE	0	0	0	0	0	0	**0**
Transfers (to)/from other public sector bodies	0	0	0	0	0	0	**0**
Balance at 31 March 2013	**0**	**0**	**0**	**0**	**0**	**0**	**0**

19.1 Trade and other receivables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
NHS receivables - revenue	**6,103**	13,908	**0**	0
NHS receivables - capital	**0**	0	**0**	0
NHS prepayments and accrued income	**0**	0	**0**	0
Non-NHS receivables - revenue	**1,980**	974	**0**	0
Non-NHS receivables - capital	**0**	0	**0**	0
Non-NHS prepayments and accrued income	**1,527**	8,256	**901**	964
Provision for the impairment of receivables	**(42)**	(56)	**0**	0
VAT	**723**	596	**0**	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	**0**	0	**0**	0
Interest receivables	**34**	21	**0**	0
Finance lease receivables	**0**	0	**0**	0
Operating lease receivables	**0**	0	**0**	0
Other receivables	**29**	44	**0**	0
Total	**10,354**	23,743	**901**	964
Total current and non current	**11,255**	24,707		
Included above:				
Prepaid pensions contributions	**0**	0		

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

19.2 Receivables past their due date but not impaired

	31 March 2013 £000	31 March 2012 £000
By up to three months	**133**	4,881
By three to six months	**298**	25
By more than six months	**408**	530
Total	**839**	5,436

19.3 Provision for impairment of receivables

	2012-13 £000	**2011-12 £000**
Balance at 1 April 2012	**(56)**	(160)
Amount written off during the year	**0**	128
Amount recovered during the year	**16**	21
(Increase)/decrease in receivables impaired	**(2)**	(45)
Balance at 31 March 2013	**(42)**	(56)

In determining the level of provision for the impairment of receivables, the PCT carried out an objective review of its receivables. The £42k provision relates to one customer where the PCT has commenced legal proceedings and has been granted an interim charging order.

20 Other Financial Assets - Non current

NHS Lift Investments

	Loan £000	Share capital £000	Total £000
Balance at 31 March 2012	439	0	439
Additions	213	0	213
Disposals	0	0	0
Loan repayments	0	0	0
Revaluations	0	0	0
Loans repayable within 12 months	0	0	0
Balance as at 31 March 2013	652	0	652
Balance as at 1 April 2011	439	0	439
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 as at 31 March 2012	439	0	439

On 1st July 2008, the PCT acquired loan notes and shares to the value of £27,570 and £400 respectively. This is in respect of the Assemble Community Partnership, the name of the newly formed partnership company between East & North Hertfordshire PCT, Bedfordshire PCT, Milton Keynes PCT, Guildhouse (a private developing company), Community Health Partnerships and local public sector authorities covered by the three participant PCT areas. On 24th March 2010, East and North Hertfordshire PCT board agreed to provide additional debt financing of £411,000 to Assemble Community Partnership Limited, in return for reduced Partnering Services Fees, resulting in a return on capital of over 30% plus rolled up interest at 3.1% per annum, calculated daily. In 2012/13 the PCT made a further payment of £213k (Loan notes) relating to its share of the investment in new schemes including the new QEII.

21 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

22 Other current assets

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

23 Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Opening balance	0	0
Net change in year	419	0
Closing balance	419	0
Made up of		
Cash with Government Banking Service	419	0
Commercial banks	0	0
Cash in hand	0	0
Current investments	0	0
Cash and cash equivalents as in statement of financial position	419	0
Bank overdraft - Government Banking Service	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in statement of cash flows	419	0

24 Non-current assets held for sale

	Land	Buildings, excl. dwellings	Dwellings	Asset Under Construction and Payments on Account	Plant and Machinery	Transport and Equipment	Information Technology	Furniture and Fittings	Intangible Assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2012	800	0	0	0	0	0	0	0	0	800
Plus assets classified as held for sale in the year	8,375	0	0	0	0	0	0	0	0	8,375
Less assets sold in the year	(350)	0	0	0	0	0	0	0	0	(350)
Less impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0	0	0	0	0
Transfers (to)/from other public sector bodies	0	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0	0
Balance at 31 March 2013	8,825	0	0	0	0	0	0	0	0	8,825
Liabilities associated with assets held for sale at 31 March 2013	0	0	0	0	0	0	0	0	0	0
										0
Balance at 1 April 2011	0	0	0	0	0	0	0	0	0	0
Plus assets classified as held for sale in the year	800	0	0	0	0	0	0	0	0	800
Less assets sold in the year	0	0	0	0	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0	0	0	0	0
Balance at 31 March 2012	800	0	0	0	0	0	0	0	0	800
Liabilities associated with assets held for sale at 31 March 2012	0	0	0	0	0	0	0	0	0	0

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

At 31 March 2012	333
At 31 March 2013	2,830

Hitchin Hospital – A vacant property declared surplus to the PCT. Valued at £2.7m (MV) disposal imminent. Offered for sale on the open market sold subject to final completion to Premier Developments (Hitchin) Ltd. The expectation is that the sale will be finalised in 2013/14 financial year.

Windmill House – A vacant property declared surplus to the PCT. Valued at £5.2m (MV) disposal imminent. Offered for sale on the open market subject to final completion to Heronslea Ltd. The expectation is that the sale will be finalised in 2013/14 financial year.

Bishops Stortford Clinic – Single storey building, vacant and declared surplus to the PCT. Valued at £475k (MV) disposal imminent. Offered for sale on the open market and currently under negotiation. Expectation that the property will be sold in 2013/14 financial year

Elms Clinic - Single storey purpose built clinic with limited parking. Vacant and declared surplus by the PCT and valued at £450k. Ongoing negotiations with developers to provide new GP premises.

25 Trade and other payables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
Interest payable	**0**	0		
NHS payables - revenue	**11,886**	9,154	**0**	0
NHS payables - capital	**608**	0	**0**	0
NHS accruals and deferred income	**14,284**	10,533	**0**	0
Family Health Services (FHS) payables	**55,844**	53,494		
Non-NHS payables - revenue	**4,209**	4,761	**0**	0
Non-NHS payables - capital	**1,056**	888	**0**	0
Non-NHS accruals and deferred income	**19,496**	22,581	**0**	0
Social security costs	**275**	229		
VAT	**37**	90	**0**	0
Tax	**323**	246		
Payments received on account	**0**	0	**0**	0
Other	1,807	1,588	0	0
Total	**109,825**	103,564	**0**	0
Total payables (current and non-current)	**109,825**	**103,564**		
Included in Other Payables above:				
- to buy out the liability for early retirements over 5 Years (£000s)	0	0		
- number of cases Involved (number)	0	0		
- outstanding pension contributions at year end (£000s)	1,691	1,588		

26 Other liabilities

There are no current of non current other liabilities for 2012-13 and 2011-12.

27 Borrowings

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
Bank overdraft - Government Banking Service	**0**	0		
Bank overdraft - commercial banks	**0**	0		
PFI liabilities:				
Main liability	**5,603**	5,443	**42,371**	45,306
Lifecycle replacement received in advance	**0**	0	**0**	0
LIFT liabilities:				
Main liability	**0**	0	**0**	0
Lifecycle replacement received in advance	**0**	0	**0**	0
Finance lease liabilities	**125**	124	**118**	234
Other	**0**	0	**0**	0
Total	**5,728**	**5,567**	**42,489**	**45,540**
Total other liabilities (current and non-current)	**48,217**	**51,107**		

28 Other financial liabilities

There are no current or non current other financial liabilities for 2012-13 and 2011-12.

29 Deferred income

There is no current or non current deferred income for 2012-13 and 2011-12.

30 Finance lease obligations

The PCT has five finance leases; the four properties are at Crossbrook Street, Cheshunt and 1, 3 and 4 George Street, Hemel Hempstead. The remaining lease is for the Danwood contract and is for the supply of multifunctional photocopying devices exclusively for the use of the PCT. The property leases have an unexpired term of between 1 and 4 years and is a full repairing and insuring lease, whilst the Danwood lease has an unexpired term of 1 years.

Amounts payable under finance leases (Buildings)	Minimum lease payments		Present value of minimum lease payments	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
Within one year	**59**	59	**56**	56
Between one and five years	**124**	179	**118**	168
After five years	**0**	0	**0**	0
Less future finance charges	**(9)**	(14)		
Present value of minimum lease payments	**174**	224	**174**	224
Included in:				
Current borrowings			**56**	56
Non-current borrowings			**118**	168
			174	224

Amounts payable under finance leases (Land)	Minimum lease payments		Present value of minimum lease	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
Within one year	**0**	0	**0**	0
Between one and five years	**0**	0	**0**	0
After five years	**0**	0	**0**	0
Less future finance charges	**0**	0		
Present value of minimum lease payments	**0**	0	**0**	0
Included in:				
Current borrowings			**0**	0
Non-current borrowings			**0**	0
			0	0

Amounts payable under finance leases (Other)	Minimum lease payments		Present value of minimum lease	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
Within one year	**70**	70	**69**	68
Between one and five years	**0**	69	**0**	66
After five years	**0**	0	**0**	0
Less future finance charges	**(1)**	(5)		
Present value of minimum lease payments	**69**	134	**69**	134
Included in:				
Current borrowings			**69**	68
Non-current borrowings			**0**	66
			69	134

Finance leases as lessee	**31 March 2013 £000**	31 March 2012 £000
Future Sublease Payments Expected to be received	**0**	0
Contingent Rents Recognised as an Expense	**0**	0

31 Finance lease receivables as lessor

The PCT does not have any finance lease receivables for 2012-13 and 2011-12.

32 Provisions

Comprising:

	Total £000s	Pensions to Former Directors £000s	Pensions Relating to Other Staff £000s	Legal Claims £000s	Restructuring £000s	Continuing Healthcare £000s	Equal Pay £000s	Agenda for Change £000s	Other £000s	Redundancy £000s
Balance at 1 April 2012	9,940	7	1,421	17	5,556	1,308	0	0	1,629	0
Arising During the Year	22,223	0	19	0	3,025	16,974	0	0	2,205	0
Utilised During the Year	(4,472)	0	(675)	0	(3,717)	0	0	0	(80)	0
Reversed Unused	(2,072)	0	0	(14)	0	(1,308)	0	0	(750)	0
Unwinding of Discount	49	0	22	0	0	0	0	0	18	0
Change in Discount Rate	0	0	0	0	0	0	0	0	0	0
Transferred (to)/from other Public Sector bodies	0	0	0	0	0	0	0	0	0	0
Balance at 31 March 2013	25,669	7	787	3	4,866	16,974	0	0	3,022	0
Expected Timing of Cash Flows:										
No Later than One Year	7,421	0	99	0	4,866	187	0	0	2,269	0
Later than One Year and not later than Five Years	17,348	0	361	3	0	16,787	0	0	197	0
Later than Five Years	899	7	327	0	0	0	0	0	556	0
Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:										
As at 31 March 2013	954									
As at 31 March 2012	529									

Pensions relating to other staff are the estimated at the full amount of the PCT's liability for the additional cost to the NHS Pensions scheme of employees retiring early. The liability has been calculated following actuarial advice, but is by its nature only an estimate. The reduction in the provision has been brought about by the PCT 'buying-out' its liability with Hertfordshire Partnership NHSFT.

The other provisions relate to injury benefits (£817k) arising out of long standing back-to-back arrangements with local Trusts. Restructuring provision of £4.9m comprises of £3m with Hertfordshire Partnership NHSFT and a further £1.9m with Hertfordshire Community NHST. £954k is included in the provisions of the NHS Litigation Authority at 31 March 2013 in respect of clinical negligence liabilities of the PCT (£529k as at 31st March 2012).

33 Contingencies

	31 March 2013 £000	31 March 2012 £000
Contingent liabilities		
Equal Pay	0	0
Other	0	3,619
Amounts Recoverable Against Contingent Liabilities	0	0
Net Value of Contingent Liabilities	0	3,619
Contingent Assets		
Contingent Assets	0	0
Net Value of Contingent Assets	0	0

In 2012/13 the PCT is showing no contingent liability for Continuing Healthcare as it has been fully provided within a Continuing Healthcare provision of £16,974k , as shown in note 32 above.

34 PFI and LIFT - additional information

	31 March 2013 £000	31 March 2012 £000
34.1 Charges to operating expenditure and future commitments in respect of ON and OFF SOFP PFI		
Total charge to operating expenses in year - OFF SOFP PFI	0	0
Service element of on SOFP PFI charged to operating expenses in year	13,167	3,041
Total	13,167	3,041
Payments committed to in respect of off SOFP PFI and the service element of on SOFP PFI		
No Later than One Year	20,491	19,899
Later than One Year, No Later than Five Years	55,899	75,486
Later than Five Years	16,438	17,342
Total	92,828	112,727

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

	31 March 2013 £000	31 March 2012 £000
Estimated Capital Value of Project - off SOFP PFI	0	0
Value of Deferred Assets - off SOFP PFI	0	0
Value of Reversionary Interest - off SOFP PFI	0	0
34.2 Imputed "finance lease" obligations for on SOFP PFI contracts due		
Analysed by when PFI payments are due		
No Later than One Year	7,607	7,806
Later than One Year, No Later than Five Years	53,126	60,188
Later than Five Years	4,299	4,668
Subtotal	65,032	72,662
Less: Interest Element	(17,058)	(21,913)
Total	47,974	50,749

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	2,115	0	2,115
Interest Expense	6,082	0	6,082
Impairment charge - AME	0		0
Impairment charge - DEL	0	0	0
Other Expenditure	13,167	0	13,167
Revenue Receivable from subleasing	(684)	0	(684)
Total IFRS Expenditure (IFRIC12)	20,680	0	20,680
Revenue consequences of LIFT/PFI schemes under UK GAAP / ESA95 (net of any sublease income)	(16,197)	0	(16,197)
Net IFRS change (IFRIC12)	4,483	0	4,483
Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12			
Capital expenditure 2012-13	149		
UK GAAP capital expenditure 2012-13 (Reversionary Interest)	0		

35.1 PFI and LIFT - additional information

Herts & Essex Hospital

On 4 May 2001, Royston, Buntingford & Bishop's Stortford PCT, a predecessor organisation to East & North Hertfordshire PCT entered into an agreement under the Private Finance Initiative (PFI) with Ryhurst (Essex & Herts) Ltd

The PFI arrangement was for the construction of a new community hospital at the existing Herts & Essex Hospital site at Haymeads Lane, Bishops Stortford Hertfordshire. The capital value of the scheme was £13.2m. The construction of the hospital was completed on 28 March 2003. Full services started from 28 April 2003 and from that date, the PCT was committed to a unitary payment of £1.9m per annum (subject to annual RPI indexation movement based on the April RPI index each year) for a period of 30 years. Herts & Essex Hospital has a net book value of £16.6m (£11.6m building, £5m land) at the statement of financial position date.

Arrangement:

The contract is for the provision of services for maintenance, domestics and catering for the hospital. The ownership of the equipment between the parties is specified in the PFI Agreement. The arrangement works on the basis of reduction in the payments for failure to deliver to the agreed Service Levels. The provision of services is managed through service level agreements which have measurable targets and are subject to regular monitoring.

Terms of Arrangement:

The unitary payment is comprised of two elements, a Financing fee and a Service fee which is subject to indexation based on the movement in the Retail Prices Index (RPI). At the end of the project term the Agreement will terminate with no compensation payable.

Lister Independent Sector Treatment Centre

An integral part of Investing in Your Health and Delivering Quality Healthcare for Hertfordshire was to develop a Surgi centre at the Lister hospital. This was delivered through the Department of Health's Independent Sector Treatment Centre programme. This project was labelled GC9 by the Department of Health's Commercial Directorate with a preferred bidder identified and contract awarded to Clinicenta

The operator (Clinicenta) constructed the new centre for approximately £52.5m including development and interest cost. Clinicenta provides treatments to patients for the next five years and at the end of this operating period, the DoH will pay a sum £33.3m which is substantially equal to the infrastructure's net book value.

The scheme which started in April 2009 built a new elective care centre on the Lister site providing a linked walkway through to the main building. The capital value of the scheme is £43.9m. The land on which the elective care centre is located has been leased from the East & North Hertfordshire Trust to Clinicenta.

The provision of elective healthcare services by Clinicenta commenced on 26th September 2011. The service is managed through a contract which has measurable targets and is subject to regular monitoring. Payments are made to Clinicenta on the basis of treatments provided, although for accounting purposes these need to be recorded as two separate elements; a Financing fee and a Service fee.

36 Financial Instruments

Financial risk management

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

Currency risk

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

Interest rate risk

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

Credit Risk

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

Liquidity Risk

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

36.1 Financial Assets	At 'fair value through profit and loss' £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0			**0**
Receivables - NHS		6,103		**6,103**
Receivables - non-NHS		1,938		**1,938**
Cash at bank and in hand		419		**419**
Other financial assets	0	63	8,825	**8,888**
Total at 31 March 2013	**0**	**8,523**	**8,825**	**17,348**
Embedded derivatives	0			0
Receivables - NHS		13,908		13,908
Receivables - non-NHS		918		918
Cash at bank and in hand		0		0
Other financial assets	0	661	800	1,461
Total at 31 March 2012	0	15,487	800	16,287

36.2 Financial Liabilities	At 'fair value through profit and loss' £000	Other £000	Total £000
Embedded derivatives	0		**0**
NHS payables		26,778	**26,778**
Non-NHS payables		24,761	**24,761**
Other borrowings		0	**0**
PFI & finance lease obligations		48,217	**48,217**
Other financial liabilities	0	55,960	**55,960**
Total at 31 March 2013	**0**	**155,716**	**155,716**
Embedded derivatives	0		0
NHS payables		19,687	19,687
Non-NHS payables		28,230	28,230
Other borrowings		0	0
PFI & finance lease obligations		51,107	51,107
Other financial liabilities	0	55,647	55,647
Total at 31 March 2012	0	154,671	154,671

37 Related party transactions 2012-13

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

During the year, other than that declared below, none of the Board Members or members of the key management staff or parties related to them has undertaken a material transactions with the PCT.

The partner of the Director of Finance is a GP partner at Haverfield Surgery, which has a GMS contract with the PCT. In addition, she does additional work for the including but not limited to being a Quality & Outcomes Framework and IM&T assessor. The total paid to the surgery and the GP in 2012/13 was £406,033. Neithe individual had direct control over how the PCT allocated these funds.

During the year local GP's sat on the Board and Executive Committee of the PCT. Payments are made to all practices in the PCT under the GP contract for the provision of GP services and re-imbursement expenses for premises and computing. The GP's on the Board and Clinical Standards Committee had no direct control over how the PCT allocated these funds.

Details of payments during the year to the Practices of GP's on the Board and Clinical Standards Committee were as follows

		£000
Dr M Edwards	Partner at Fairbrook Medical Centre	1,745
Dr M Sandler	Partner at Davenport House Surgery	1,862
Dr R Walker	Partner at Manor Street Surgery	1,115
Dr T Kostick	Partner at Bedwell Surgery	1,505
Dr N Small	Partner at Schopwick Surgery	1,876

The Department of Health is regarded as a related party. 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. The PCT has adopted a disclosure level of £10million from its perspective, or greater than 5% of the related entity's turnover for 2011/12. These entities are listed below;

	Payments to Related Party £000	Receipts from Related Party £000	Amounts owed to Related Party £000	Amounts due from Related Party £000
Barnet & Chase Farm Hospital NHST	65,966	60	242	90
Buckinghamshire Healthcare NHS Trust	15,254		16	
Cambridge University Hospitals NHS Foundation Trust	26,932	2	1,046	2
East and North Herts NHS Trust	216,320		2,646	
East of England Ambulance Services NHS Trust	33,859	1	1,486	
Hertfordshire Community NHS Trust	109,653	12,052	7,286	3,849
Hertfordshire County Council	196,911	4,830		
Imperial College Healthcare NHS Trust	15,593		64	
Luton & Dunstable NHS Foundation Trust	20,543	1	19	
Royal Free Hampstead NHS Trust	16,809			513
Royal National Orthopaedic Hospital NHS Trust	12,093		70	
South East Essex PCT	155,910		3,111	
The Princess Alexandra Hospital NHS Trust	50,993	765	2,252	529
University College London NHS Foundation Trust	27,573		583	
West Hertfordshire Hospitals NHS Trust	231,583	17	1,896	4

In addition, the PCT has had a significant number of material transactions with other Government Departments and other central and local Government bodies. Where appropriate, these transactions have been reflected in the above table.

37A Related party transactions 2011-12

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

During the year, other than that declared below, none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with the PCT.

The partner of the Director of Finance is a GP partner at Haverfield Surgery, which has a GMS contract with the PCT. In addition, she does additional work for the PCT, including but not limited to being a Quality & Outcomes Framework and IM&T assessor. The total paid to the surgery in 2011/12 was £436,667. Neither individual had direct control over how the PCT allocated these funds.

During the year local GP's sat on the Board and Executive Committee of the PCT. Payments are made to all practices in the PCT under the GP contract for the provision of GP services and re-imbursement expenses for premises and computing. The GP's on the Board and Clinical Standards Committee had no direct control over how the PCT allocated these funds.

Details of payments during the year to the Practices of GP's on the Board and Clinical Standards Committee were as follows

		£000
Dr M Edwards	Partner at Fairbrook Medical Centre	2,010
Dr M Sandler	Partner at Davenport House Surgery	1,711
Dr H Pathmanathan	Partner at Bridge Cottage Surgery	2,609
Dr R Walker	Partner at Manor Street Surgery	1,264
Dr M Andrews	Partner at Dr Henderson and Partners	1,320
Dr A Davies	Partner at Maltings Surgery	2,247

The Department of Health is regarded as a related party. 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. The PCT has adopted a disclosure level of £10million from its perspective, or greater than 5% of the related entity's turnover for 2010/11. These entities are listed below;

	Payments to Related Party £000	Receipts from Related Party £000	Amounts owed to Related Party £000	Amounts due from Related Party £000
Barnet & Chase Farm Hospital NHST	65,145	11	81	95
Buckinghamshire Healthcare NHS Trust	14,656		521	
Cambridge University Hospitals NHS Foundation Trust	25,777	3	343	
East and North Herts NHS Trust	239,086		2,840	1
East of England Ambulance Services NHS Trust	31,732		399	
Hertfordshire Community NHS Trust	113,773	15,720	7,831	9,667
Hertfordshire County Council	157,252	447	1,320	231
Imperial College Healthcare NHS Trust	14,915		284	
Luton & Dunstable NHS Foundation Trust	20,312	1	133	25
Royal Free Hampstead NHS Trust	18,746			192
Royal National Orthopaedic Hospital NHS Trust	11,950		673	
South East Essex PCT	130,672		210	
The Princess Alexandra Hospital NHS Trust	50,569	683	367	26
University College London NHS Foundation Trust	24,407		2,053	
West Hertfordshire Hospitals NHS Trust	220,349		2,177	20

In addition, the PCT has had a significant number of material transactions with other Government Departments and other central and local Government bodies. Where appropriate, these transactions have been reflected in the above table.

38 Losses and special payments

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

	Total Value of Cases £s	Total Number of Cases
Losses - PCT management costs	3,143	18
Special payments - PCT management costs	86,801	1
Losses in respect of the provision of family practitioner services	0	0
Special payments in respect of the provision of family practitioner services	0	0
Total losses	3,143	18
Total special payments	86,801	1
Total losses and special payments	89,944	19

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

	Total Value of Cases £s	Total Number of Cases
Losses - PCT management costs	371	2
Special payments - PCT management costs	0	0
Losses in respect of the provision of family practitioner services	0	0
Special payments in respect of the provision of family practitioner services	0	0
Total losses	371	2
Total special payments	0	0
Total losses and special payments	371	2

39 Third party assets

The PCT held no third party assets at balance sheet date.

40 Cashflows relating to exceptional items

There were no cash flows relating to exceptional items.

41 Events after the end of the reporting period

On 27 March 2012, the Health and Social Care Bill gained Royal Assent to become the Health and Social Care Act (2012). Under the Act, Primary Care Trusts will be abolished on 31 March 2013. From April 2013, responsibility for commissioning health services will transfer from Primary Care Trusts to the NHS Commissioning Board, Clinical Commissioning Groups (CCGs) and others. CCGs will be clinically driven by local General Practitioners to commission services on behalf of their patients.

The main functions carried out by Hertfordshire Primary Care Trust in 2012-13 are to be carried out in 2013-14 by the following public sector bodies:

Transferring Bodies	Revenue £m	Key Functions
NHS East and North Herts (ENH) CCG	585	Secondary & Community, Prescribing and Primary Care Healthcare Services
NHS Herts Valley (HV) CCG	622	Secondary & Community, Prescribing and Primary Care Healthcare Services
NHS Cambridgeshire and Peterborough CCG	25	Secondary & Community, Prescribing and Primary Care Healthcare Services
NHS Commissioning Board	463	Prison & Offender Healthcare, GP, General Dental, Ophthalmic, pharmaceutical and Specialist services.
Public Health England	4	Improve nation health And Support healthier Choices
NHS Property Services	4	The management of NHS Property
Hertfordshire County Council	31	Health Improvement & Protection and Population Healthcare
	1,734	

Various property, plant and equipment were transferred to NHS Property Services £77.7m and Hertfordshire Community NHS Trust £48.9m on 1st April 2013. These assets are considered operational at the year end and have therefore not been impaired in the PCT's books. It is for the successor body to consider whether, in 2013-14, it is necessary to review these for any impairment.