Department of Health

NHS

NHS South of Tyne and Wear Primary Care Trusts

2012-13 Annual Report and Accounts

Gateshead Primary Care Trust

South Tyneside Primary Care Trust

Sunderland Teaching Primary Care Trust

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NHS South of Tyne and Wear Primary Care Trust

2012-13 Annual Report

Gateshead Primary Care Trust
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NHS

South of Tyne and Wear

Annual Report and Accounts 2012/13

Working together to make
South of Tyne and Wear healthy for you

Gateshead Primary Care Trust • South Tyneside Primary Care Trust • Sunderland Teaching Primary Care Trust

Annual Report and Accounts 2012/13

Foreword

The NHS is undergoing a period of unprecedented change and transition. On 31 March 2013, Primary Care Trusts will cease to exist. Our commissioning responsibilities pass to new organisations called Clinical Commissioning Groups, which have been established in Gateshead, South Tyneside and Sunderland. Our public health functions transfer to the three local authorities covering the same localities. In addition, the National Commissioning Board Area Team for Cumbria, Northumberland and Tyne and Wear takes on some commissioning responsibilities, such as the management of clinical networks and specialised commissioning.

In this, our final year of operation, we have remained, as ever, firmly focused on the aim of delivering better healthcare services for the populations we serve in Gateshead, Sunderland and South Tyneside. We have also ensured that our successor organisations are well placed to take on their new roles. We are delighted that all three local Clinical Commissioning Groups are now authorised as statutory bodies.

In this last Report and Accounts, we want to thank all our staff who have worked so hard through this extremely challenging period to ensure that standards of healthcare and performance have been maintained. We would like also like to thank member of our boards and committees, partners and stakeholders for their continued support over the course of the year.

Karen Straughair, Chief Executive, NHS South of Tyne and Wear
Stephen Clark, Chair, NHS South of Tyne and Wear PCT Cluster Board and Local Chair, South Tyneside PCT
Alan Baty, Vice-Chair, NHS South of Tyne and Wear PCT Cluster Board and Local Chair, Gateshead PCT
Sue Winfield, Vice-Chair, NHS South of Tyne and Wear PCT Cluster Board and Local Chair Sunderland Teaching PCT

Our role

NHS South of Tyne and Wear covers Gateshead Primary Care Trust (PCT), South Tyneside Primary Care Trust (PCT) and Sunderland Teaching Primary Care Trust (TPCT) and is the name given to the integrated management arrangements which exist across the three PCTs.

This means that whilst each PCT remains a statutory organisation in its own right, the day-to-day management has been brought together under a single team.

We serve a population of 644,000 people and are responsible for commissioning health services for local people including doctors, dentists, opticians and hospital services.

We also have an important preventative role, to improve the general health of the local population and reduce the likelihood of people becoming ill.

Transition arrangements and closedown

Over the course of the year, NHS South of Tyne and Wear implemented a robust transition and change programme to support the seamless transition from current commissioning and public health arrangement to the new organisations and statutory bodies that replace Primary Care Trusts.

This involved:

- Assignment and transfer of staff to new receiver organisations
- Transfer of public health responsibilities to local authorities and Public Health England
- Support the setting up and authorisation of Clinical Commissioning Groups
- Support the establishment of a regional commissioning support unit
- Transfer of assets and liabilities to successor organisations

Strategic plan

Our Strategic Plan identifies how we can deliver our vision of making South of Tyne and Wear healthy for you through three key strands:

Prevention: shifting the balance from treating illness to prevention by helping and supporting people to live longer and healthier lives
Long-term conditions: actively identifying people with existing disease and those at risk of developing illness and establishing personalised treatment plans

Safe, quality services, close to home: providing high-quality care in the right setting at the right time, including the delivery of more care closer to home rather than in hospital settings.

Managing risk

The NHS South of Tyne and Wear Risk Management Strategy sets out our approach to the assessment and management of clinical and non-clinical risk. Allied to this, the Joint Risk and Governance Committee provides assurance on the systems and processes by which we lead, control and direct our functions in order to achieve organisational objectives. For each of the services we commission, quality targets are built into contracts against which providers are monitored. These include a requirement for all serious untoward incidents and the outcomes of any subsequent investigations to be reported to us, so that lessons can be learned and shared, and any improvements made.

Setting charges for information

In line with HM Treasury's Managing Public Monies regulations, the Access to Health Records Act, Freedom of Information Act and the Data Protection Act, NHS South of Tyne and Wear complies with all guidance and statutory regulations in relation to all charges it sets for access to information.

Protecting patient information

Our Information Governance Programme aims to assure the public that personal data which is held, used and transferred by all staff is managed securely and confidentially.

All NHS organisations are required to include details of serious untoward incidents involving data loss or confidentiality breach in their annual reports.

There were no information governance incidents classified at a severity rating of three to five within NHS South of Tyne and Wear.

There was one information governance incident classified at a severity rating of one to two.

Preparing for an emergency

In an emergency situation, NHS South of Tyne and Wear must work closely with the emergency services, local authorities and local hospitals to save and protect lives.

The lead director for emergency planning for NHS South of Tyne and Wear is the Chief Operating Officer, on behalf of the Chief Executive. An emergency planning officer takes the lead role for major incident planning across the three PCTs.

On a quarterly basis, locality Directors of Public Health engage in multi-agency emergency planning groups to discuss and agree areas of work and ensure continued resilience across health and wider partners. Plans are regularly tested and reviewed to practise and consider our ability to respond to a major threat to the health and wellbeing of local people.

Principles for remedy

We work in accordance with the Parliamentary and Health Service Ombudsman Principles for Remedy. These outline how public bodies should seek to remedy situations which have resulted in injustice or hardship.

The six core principles are:

- getting it right
- being customer focused
- being open and accountable
- acting fairly and proportionately
- putting things right
- seeking continuous improvement.

These principles are integral to the way complaints are managed within our PCTs and are included in the NHS South of Tyne and Wear staff training presentation on complaints and in the Management of Concerns and Complaints Policy.

In accordance with the principles, we always seek to acknowledge and take responsibility when things don't go right and then to make amends in the most suitable way in each case.

Equality, diversity and human rights

NHS South of Tyne and Wear is committed to creating and maintaining a workforce and service environment that values diversity, equality and human rights and is focused on quality outcomes.

Equality and diversity is not just about policies and practices but it is an integral part of what we are, how we operate and how we see our future. Our ability to understand, embrace and operate in a diverse community is critical to our ability to promote social inclusion and reduce health inequalities.

We have utilised the national NHS Equality Delivery System to develop NHS South of Tyne and Wear's approach to promoting equality, diversity and human rights for the local population and NHS South of Tyne and Wear staff.

We are an equal opportunities employer and actively encourage applications from all sectors of the community. We also hold the Two Ticks symbol in relation to our policies on the recruitment of disabled employees.

We have a range of human resource policies that outline our positive approach to the employment of people with disabilities.

Much has been achieved to ensure that equality and diversity remains at the heart of what we do. We continually engage with the community, voluntary sector and statutory partners on key achievements and identifying areas where more needs to be done.

Sustainability report

Our Sustainability Strategy and Management Plan identifies the following challenging outcomes:

- 10% reduction in energy and carbon by 2015
- Adopt a sustainable procurement model
- A reduction in staff travel emissions by 2015
- A 25% reduction in metered water consumption by 2020
- Recycle 50% of waste by 2015
- All new buildings to achieve a high environmental classification
- Awareness and training for all staff
- Develop Partnerships and Networks to support sustainable development
- Carbon reduction principles to be embedded in organisational policies

Energy Use and Carbon Emissions 2012/2013

Gateshead PCT

Area	Brief	Non-Financial Information	Financial Information
Greenhouse Gas Emissions	Scope 1 (Direct)	492 tCO_2e	£ 95,154.76
		2,674,303kWh	
	Scope 2 (Energy Indirect) Emissions	1295tCO_2e	£ 92,612.96
		2,446,892kWh	
	Scope 3 Official Business Travel	25.51tCO_2e	£ 60,295.33
Waste minimisation and management	Total waste arising	189.66 Te	£ 66,095.53
	Waste sent to landfill	118.85 Te	£ 22,941.54
	Waste recycled /reused	61.55 Te	£ 18,801.36
	Hazardous waste treatment	5.738 Te	£ 21,714.00
	Waste incinerated (no energy recovery)	3.518 Te	£ 2,638.63
Finite resources	Water	10738 m^3	£ 3722.41

South Tyneside PCT

Area	Brief	Non-Financial Information	Financial Information
Greenhouse Gas Emissions	Scope 1 (Direct)	1315 tCO_2e	£ 101,173.00
		7,138,182kWh	
	Scope 2 (Energy Indirect) Emissions	1,407 tCO_2e	£ 292,493.87
		2,685,444kWh	
	Scope 3 Official Business Travel	19.13 tCO_2e	£ 93,574.73
Waste minimisation and management	**Total waste arising**	178.40 Te	£ 43,083.56
	Waste sent to landfill	83.76 Te	£ 14,843.76
	Waste recycled /reused	83.76 Te	£ 17,985.32
	Hazardous waste treatment	8.801 Te	£ 7,947.21
	Waste incinerated (no energy recovery)	3.076 Te	£ 2,307.27
Finite resources	Water	9411m^3	£ 10719.15

Sunderland PCT

Area	Brief	Non-Financial Information	Financial Information
Greenhouse Gas Emissions	Scope 1 (Direct)	1476 tCO_2e	£ 229,445.23
		7,722,783kWh	
	Scope 2 (Energy Indirect) Emissions	1845tCO_2e	£ 642,233.85
		3,672,483 kWh	
	Scope 3 Official Business Travel	25.1 tCO_2e	£ 357,655.03
Waste minimisation and management	Total waste arising	440.965 Te	£ 151,777.40
	Waste sent to landfill	213.32 Te	£ 36,648.32
	Waste recycled /reused	154.84 Te	£ 32,268.56
	Hazardous waste treatment	64.47 Te	£ 76,609.27
	Waste incinerated (no energy recovery)	8.335 Te	£ 6,251.25
Finite resources	Water	17783 m^3	£22,886.53

Notes:

Energy use and carbon emissions have been extracted from up to date automated meter readings of consumption and current billing information wherever available. The financial information has been extracted by the Finance Department from the Discoverer System. Variations in the direct correlation of consumption to billed amounts are due to the estimated nature of most bills, Triad reconciliation payments, VAT, CCL costs and system standing charges.

Scope 3 emissions have been calculated from data provided on behalf of all 3 PCTs by the appointed FT that manage the vehicle lease scheme. However it is unclear in which of the three PCTs the vehicle is placed, this conjoined figure is 26.374 tCO_2e. To enable the required return to be entered on a PCT by PCT basis this figure has been divided on a per head capita basis with the assumption the car usage density follows a similar trend.

Governance framework

The PCT board arrangements have been maintained under which the boards of Gateshead PCT, South Tyneside PCT and Sunderland TPCT hold their formal and informal meetings together as the NHS South of Tyne and Wear Cluster Board. Separate local engagement boards for each PCT are held in each locality.

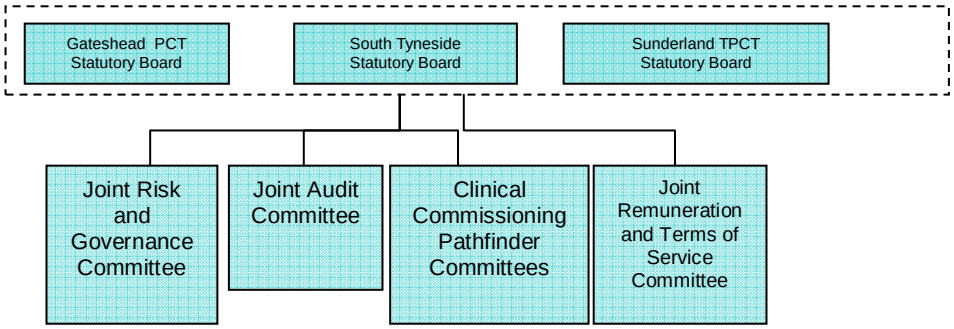
The Cluster Board Agreement sets out the following for the PCT boards:

- principles such that each PCT retains a local Chair and Locality Director of Public Health; separate budgets, performance targets and performance management and liabilities retained by individual PCTs
- the ways of working for cluster board meetings such as Chair and Vice Chair arrangements, each of whom will act as a Local Chair for the respective PCTs, rotating locations, decision making and voting arrangements
- joint committee arrangements.

Governance arrangements for NHS South of Tyne and Wear were refined throughout the year to enable the new system working arising from the NHS Health and Social Care Act 2012, including assisting the development of Clinical Commissioning Groups and the North of England Commissioning Support Unit. This included an increasing level of delegation to the CCG Pathfinder Committees /shadow Governing Bodies as part of their authorisation process.

Board committees

In order to deliver the principal objectives and the strategic priorities within our Integrated Strategic and Operational Plan, the cluster board has the following committees, the membership of which is set out below:



Membership of the Board and Committees

	Gateshead PCT	South Tyneside PCT	Sunderland Teaching PCT	NHS South of Tyne and Wear PCT Cluster Board	Joint Audit Committee	Joint Risk and Governance Committee	Joint Remuneration and Terms of Service Committee
PCT Chairs							
Mr Alan Baty	Local Chair			Cluster Board Vice Chair	√		√
Mr Stephen Clark		Local Chair		Cluster Boar d Chair			√
Mrs Sue Winfield			Local Chair	Cluster Board Vice Chair		√	√
Non-Executive Directors							
Mrs Pat Harle	√	√	√	√			
Mr Tim Morgan	√	√	√	√	√		√
Mr Ron Reynolds	√	√	√	√	√		
Mrs Ruth Richardson	√	√	√	√		√	
Mrs Aileen Sullivan	√	√	√	√		√	
Officers							
Mrs Karen Straughair*, Chief Executive	√	√	√	√			
Mr Chris Macklin*, Director of Finance	√	√	√	√		√	
Dr Mike Prentice*, Medical Director	√	√	√	√		√	
Mrs Amanda Healy, Acting Director of Public Health, South Tyneside; substantive appointment from 7/2/2013		√		√			
Ms Maureen Crawford, Locality Director of Public Health Sunderland*			√	√			
Dr Alyson Learmonth, Locality Director of Public Health, Gateshead*	until 22/5/2012			until 22/5/2012			
Mrs Carole Wood, Locality	from 2/4/2012			from 2/4/2012			

Director of Public Health, Gateshead*							
Mrs Louise Robson*, Chief Operating Officer	Until 21/10/12	Until 21/10/2012	Until 21/10/2012	Until 21/10/2012		Until 21/10/2012	
Mrs Carole Donaldson*, Associate Director of Nursing and Patient Safety/Nurse Adviser to the Board	Until 15/2/2013	Until 15/2/2013	Until 15/2/2013	Until 15/2/2013		Until 15/2/2013	
Dr David Hambleton*, Director of Commissioning Development	√	√	√	√			
Mrs Moira Davison, Director of Governance and Quality	√	√	√	√		√	
Mrs Vicki Taylor, Director of Change and Transition	√	√	√	√			

* denotes Executive Director with voting right
√ denotes full-term membership

Declarations of interest of PCT Board Directors

Directors are required to declare interests which are relevant and material, including directorships, ownerships of private companies, majority share holdings in organisations likely to do business with the NHS, and positions of authority in a charity or voluntary body. Details of the interests declared by Directors of the PCT Cluster Board are set out in the following tables. They are also reflected in the Related Party Disclosures sections of the Summary Financial Statements for each PCT. Registers of interest are held by the Head of Governance and are available for public inspection.

Chair and Non-Executive Directors	
Mr Stephen Clark Chair	• Lay member of NHS South Tyneside Clinical Commissioning Group. .
Mr Alan Baty Vice Chair	• Nothing to declare
Mrs Susan Winfield Vice Chair	• Trustee – The Derwent Initiative • Board Member – Community Foundation serving Tyne & Wear and Northumberland
Mr Tim Morgan	• Finance Director – Shared Interest Society Ltd • Lay member of NHS Gateshead Clinical Commissioning Group
Mrs Ruth Richardson	• Chairperson – South Tyneside Indigent Sick Society
Mr Ron Reynolds	• Nothing to declare
Ms Pat Harle	• Owner – Dental Team Performance Consultancy
Mrs Aileen Sullivan	• Nothing to declare
Chief Executive and Directors	
Mrs Karen Straughair Chief Executive	• Husband, Chris Reed, is the Chief Executive of NHS North of Tyne
Mrs Moira Davison Director of Governance & Quality	• Nothing to declare
Dr David Hambleton Director of Commissioning Development	• Chief Officer Designate of NHS South Tyneside Clinical Commissioning Group
Mr Chris Macklin Director of Finance	• Provision of financial advice to Lifespan, a charity that provides therapy support to patients including the hospice in Sunderland • Governor and Chair – Audit Committee, Gateshead College • Chairman and Director – Zero Carbon Futures, a company solely owned by Gateshead College • Chairman and Director – Charge your Car, a company solely owned by Gateshead College • Chief Finance Officer Designate of NHS Sunderland Clinical Commissioning Group
Dr Mike Prentice Medical Director	• Partner – Birtley Medical Group (PMS contract) • Sessional work Out of Hours Service (GATDOC)
Mrs Louise Robson	• Husband is a general dental practitioner in a practice

Chief Operating Officer	commissioned by Sunderland TPCT
Mrs Vicki Taylor Director of HR/OD	• Nothing to declare
Mrs Carole Donaldson Associate Director, Quality and Patient Safety/Nurse Advisor to the Board	• Nothing to declare
Ms Maureen 'Nonnie' Crawford Locality Director of Public Health for Sunderland	• Nothing to declare
Dr Alyson Learmonth Locality Director of Public Health for Gateshead	• Nothing to declare
Mrs Amanda Healy Interim Locality Director of Public Health for South Tyneside	• Family member is on the Executive Committee of Escape Intervention Services Ltd, a confidential service for young people in South Tyneside

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

Remuneration Report

The remuneration report has been audited and is covered by the opinion given on the financial statements. An unqualified opinion was issued .

The following tables provide full details of senior manager remuneration for Gateshead PCT South Tyneside PCT and Sunderland Teaching PCT for 2012/13. Comparative figures are also included for 2011/12.

Some staff worked solely for the relevant PCT and therefore 100% of their pay costs are recorded in the table for that PCT.

Other staff work for the NHS South of Tyne and Wear cluster which consists of Sunderland, Gateshead and South Tyneside PCT's. Remuneration is split proportionate to population shares with Sunderland bearing 44.59% Gateshead bearing 31.11% and South Tyneside bearing 24.30% of the relevant payroll costs. Details of the governance framework operating within the "cluster" can be found within the Annual Governance Statement which is included within the Annual Accounts.

Gateshead PCT

Included in the table below are costs in respect of staff working directly for Gateshead PCT (100%) and a share of costs (31.11%) for those staff working for NHS South of Tyne and Wear cluster.

Name and title	Period	2012-13 Salary (bands of £5,000)	2012 - 13 Other Remuneration see note 1 below	2012-13 Bonus Payments (bands of £5,000)	2012-13 Benefits in Kind (Rounded to nearest £00)	2011-12 Salary (bands of £5,000)	2011 - 12 Other Remuneration	2011-12 Bonus Payments (bands of £5,000)	2011-12 Benefits in Kind (Rounded to nearest £00)
		£000	£000	£000	£00	£000	£000	£000	£00
Gateshead PCT Specific									
Mr A.Baty (Chair)	Apr 11 - Nov 11	N/A	N/A	N/A	N/A	20 - 25	0	0	0
Ms P. Hobson (Non Exec Director)	Apr 11 - Nov 11	N/A	N/A	N/A	N/A	5 - 10	0	0	0
Mr T.Morgan (Non Exec Director)	Apr 11 - Nov 11	N/A	N/A	N/A	N/A	5 - 10	0	0	0
Mrs K Wood (Non Exec Director)	Jun 11 - Nov 11	N/A	N/A	N/A	N/A	0 - 5	0	0	0
Mrs A.Sullivan (Non Exec Director)	Jun 11 - Nov 11	N/A	N/A	N/A	N/A	0 - 5	0	0	0
Mr R Reynolds (Non Exec Director)	Jun 11 - Nov 11	N/A	N/A	N/A	N/A	0 - 5	0	0	0
Ms A Learmonth (Locality Director of Public Health)	Apr 11 - May 12	5 - 10	0	0	0	35 - 40	0	0	0
Mrs E C Wood (Locality Director of Public Health)	Apr 12 - Mar 13	40 - 45	0	0	0	N/A	N/A	N/A	N/A
Gateshead PCT Share of Cluster									
Mr S Clark (Chair)	Dec 11 - Mar 13	10 - 15	0	0	0	0 - 5	0	0	0
Mr A.Baty (Vice Chair)	Dec 11 - Mar 13	10 - 15	0	0	0	0 - 5	0	0	0
Mrs S Winfield (Vice Chair)	Dec 11 - Mar 13	10 - 15	0	0	0	0 - 5	0	0	0
Mr T.Morgan (Non Exec Director)	Dec 11 - Mar 13	0 - 5	0	0	0	0 - 5	0	0	0
Mrs P Harle (Non Exec Director)	Dec 11 - Mar 13	0 - 5	0	0	0	0 - 5	0	0	0
Mr R Reynolds (Non Exec Director)	Dec 11 - Mar 13	0 - 5	0	0	0	0 - 5	0	0	0
Mrs M R Richardson (Non Exec Director)	Dec 11 - Mar 13	0 - 5	0	0	0	0 - 5	0	0	0
Mrs A.Sullivan (Non Exec Director)	Dec 11 - Mar 13	0 - 5	0	0	0	0 - 5	0	0	0
Mr P Morgan (Non Exec Director)	Oct 12 - Mar 13	0 - 5	0	0	0	N/A	N/A	N/A	N/A
Mr J Gosling (Non Exec Director)	Oct 12 - Mar 13	0 - 5	0	0	0	N/A	N/A	N/A	N/A
Mrs K Straughair (Chief Executive)	Apr 11 - Mar 13	45 - 50	185 - 190	0 - 5	31	50 - 55	0	0 - 5	26
Mrs L Robson (Chief Operating Officer)	Apr 11 - Oct 12	20 - 25	0	0	0	35 - 40.	0	0 - 5	0
Mr C Macklin (Director of Finance)	Apr 11 - Mar 13	30 - 35	0	0	0	25 - 30	0	0	0
Mrs V Taylor (Director of Change and Transition)	Apr 11 - Mar 13	15 - 20	0	0	0	15 - 20	0	0	0
Mrs M Davison (Director of Governance & Quality)	Apr 11 - Mar 13	30 - 35	55 - 60	0	9	30 - 35	0	0	0
Dr D Hambleton (Director of Commissioning Development)	Apr 11 - Mar 13	35 - 40	0	0 - 5	31	35 - 40	0	0 - 5	21
Dr M Prentice (Medical Director and Clinical Executive Chair to 30 Nov 2011)	Apr 11 - Mar 13	0 - 5	0	0	0	0 - 5	0	0	0
Mrs J Akehurst (Associate Director of Patient Safety)	Apr 11 - Jun 11	N/A	N/A	N/A	N/A	5 - 10	0	0	3
Mrs C Donaldson (Associate Director of Patient Safety)	Jul 11 - Mar 13	30 - 35	0	0	1	20 - 25	0	0	0

2011/12 Benefits in Kind have been used as an estimate of 2012/13 Benefits in Kind, as these are not available at the time of producing the figures.
Note 1

Other Remuneration reflects the costs of redundancy / early release of pension. For every individual where this applies (not just directors) indivdual business cases were approved by both the PCT's and SHA's remuneration committees following independent legal advice.

Pay Multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The following 2 tables reflect this. The first table shows Gateshead PCT's share of the integrated management structure for NHS South of Tyne & Wear, the second table sets out remuneration details for the Facilities and Estates Services.

Gateshead Share of Integrated Management Costs

The banded remuneration of the highest paid director in Gateshead PCT in the financial year 2012/13 was £50 - 55 thousand (2011/12,£50 - 55 thousand). This was 5.1 times (2011/12, 5.1) the median remuneration of the workforce, which was £10,133 (2011/12, £10,133).

In 2012/13 and 2011/12 the highest paid Director was the highest paid employee. The apportioned remuneration ranged from £4,325 to £52,610 for 2012/13 (£4,325 to £52,376 for 2011/12).

Integrated Management Structure		2012/13	2011/12
Highest Paid Director	£'000	50 - 55	50 - 55
Median Total Remuneration	£	10,133	10,133
Ratio		5.1	5.1

The table below shows the Facilities and Estates Hosted Services remuneration details.

Gateshead Facilities and Estates Hosted Services Details

The banded remuneration of the highest paid director in the services hosted by Gateshead PCT in the financial year 2012/13 was £35 - 40 thousand (2011/12,£35 - 40 thousand). This was 2.6 times (2011/12,2.6) the median remuneration of the workforce, which was £14,614 (2011/12, £14,614).

In 2012/13 and 2011/12 the highest paid Director was the highest paid employee. The remuneration ranged from £13,903 to £37,500 for 2012/13 (£13,903 to £37,500 for 2011/12).

Hosted Services		2012/13	2011/12
Highest Paid Director	£'000	35 - 40	35 - 40
Median Total Remuneration	£	14,614	14,614
Ratio		2.6	2.6

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

South Tyneside PCT

Included in the table below are costs in respect of staff working directly for South Tyneside PCT (100%) including hosted services and a share of costs (24.30%) for those staff working for NHS South of Tyne and Wear cluster.

Name and title	Period	2012-13 Salary (bands of £5,000)	2012 - 13 Other Remuneration see note 1 below	2012-13 Bonus Payments (bands of £5,000)	2012-13 Benefits in Kind (Rounded to nearest £00)	2011-12 Salary (bands of £5,000)	2011 - 12 Other Remuneration	2011-12 Bonus Payments (bands of £5,000)	2011-12 Benefits in Kind (Rounded to nearest £00)
		£000	£000	£000	£00	£000	£000	£000	£00
South Tyneside PCT Specific									
Mr S Clark (Chair)	Apr 11 - Nov 11	N/A	N/A	N/A	N/A	20 - 25	0	0	0
Mr J Gosling (Non Exec Director)	Apr 11 - Nov 11	N/A	N/A	N/A	N/A	5 - 10	0	0	0
Mrs M R Richardson (Non Exec Director)	Apr 11 - Nov 11	N/A	N/A	N/A	N/A	5 - 10	0	0	0
Mr R Reynolds (Non Exec Director)	Apr 11 - Nov 11	N/A	N/A	N/A	N/A	0 - 5	0	0	0
Mrs K Wood (Non Exec Director)	Apr 11 - Nov 11	N/A	N/A	N/A	N/A	0 - 5	0	0	0
Mrs RH Clavering (Non Exec Director)	Jun 11 - Nov 11	N/A	N/A	N/A	N/A	0 - 5	0	0	0
Ms M Evans (Locality Director of Public Health)	Apr 11 - Sep 11	N/A	N/A	N/A	N/A	20 - 25	0	0	0
Ms R McKeown (Locality Director of Public Health)	Oct 11 - Nov 11	N/A	N/A	N/A	N/A	5 - 10	0	0	0
Mrs A Healy (Acting Locality Director of Public Health)	Jan 12 - Mar 13	80 - 85	0	0	16	5 - 10	0	0	0
Dr G Stephenson (Medical Director North East Primary Care Services Agency)	Apr 12 - Mar 13	40 - 45	0	0	0	N/A	N/A	N/A	N/A
Mrs J Forster (Director North East Primary Care Services Agency)	Apr 11 - Mar 13	110 -115	220 - 225	0	118	110 -115	0	0	75
Mr R. McLachlan (Director - North of England Cancer Network)	Apr 11 - Mar 13	105 -110	0	0	0	105 -110	0	0	0
South Tyneside PCT Share of Cluster									
Mr S Clark (Chair)	Dec 11 - Mar 13	10 - 15	0	0	0	0 - 5	0	0	0
Mr A.Baty (Vice Chair)	Dec 11 - Mar 13	5 - 10	0	0	0	0 - 5	0	0	0
Mrs S Winfield (Vice Chair)	Dec 11 - Mar 13	10 - 15	0	0	0	0 - 5	0	0	0
Mr T.Morgan (Non Exec Director)	Dec 11 - Mar 13	0 - 5	0	0	0	0 - 5	0	0	0
Mrs P Harle (Non Exec Director)	Dec 11 - Mar 13	0 - 5	0	0	0	0 - 5	0	0	0
Mr R Reynolds (Non Exec Director)	Dec 11 - Mar 13	0 - 5	0	0	0	0 - 5	0	0	0
Mrs M R Richardson (Non Exec Director)	Dec 11 - Mar 13	0 - 5	0	0	0	0 - 5	0	0	0
Mrs A.Sullivan (Non Exec Director)	Dec 11 - Mar 13	0 - 5	0	0	0	0 - 5	0	0	0
Mr P Morgan (Non Exec Director)	Oct 12 - Mar 13	0 - 5	0	0	0	N/A	N/A	N/A	N/A
Mr J Gosling (Non Exec Director)	Oct 12 - Mar 13	0 - 5	0	0	0	N/A	N/A	N/A	N/A
Mrs K Straughair (Chief Executive)	Apr 11 - Mar 13	35 - 40	145 - 150	0 - 5	25	35 - 40	0	0 - 5	21
Mrs L Robson (Chief Operating Officer)	Apr 11 - Oct 12	15 - 20	0	0	0	25 - 30	0	0 - 5	0
Mr C Macklin (Director of Finance)	Apr 11 - Mar 13	20 - 25	0	0	0	20 - 25	0	0	0
Mrs V Taylor (Director of Change and Transition)	Apr 11 - Mar 13	15 - 20	0	0	0	15 - 20	0	0	0
Mrs M Davison (Director of Governance & Quality)	Apr 11 - Mar 13	25 - 30	45 - 50	0	7	25 - 30	0	0	0
Dr D Hambleton (Director of Commissioning Development)	Apr 11 - Mar 13	25 - 30	0	0 - 5	24	25 - 30	0	0 - 5	17
Dr M Prentice (Medical Director and Clinical Executive Chair to 30 Nov 2011)	Apr 11 - Mar 13	0 - 5	0	0	0	0 - 5	0	0	0
Mrs J Akehurst (Associate Director of Patient Safety)	Apr 11 - Jun 11	N/A	N/A	N/A	N/A	5 - 10	0	0	2
Mrs C Donaldson (Associate Director of Patient Safety)	Jul 11 - Mar 13	20 - 25	0	0	1	15 - 20	0	0	0

2011/12 Benefits in Kind have been used as an estimate of 2012/13 Benefits in Kind, as these are not available at the time of producing the figures.

Note 1
Other Remuneration reflects the costs of redundancy / early release of pension. For every individual where this applies (not just directors) indivdual business cases were approved by both the PCT's and SHA's remuneration committees following independent legal advice.

Pay Multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The following 2 tables reflect this. The first table shows South Tyneside PCT's share of the integrated management structure for NHS South of Tyne & Wear, the second table sets out remuneration details for Hosted Services.

South Tyneside Share of Integrated Management Costs

The banded remuneration of the highest paid director in South Tyneside PCT in the financial year 2012/13 was £40-45 thousand (2011/12,£40 -45 thousand). This was 5.4 times (2010/11,5.4) the median remuneration of the workforce, which was £7,915 (2011/12, £7,915).

In 2012/13 and 2011/12 the highest paid Director was the highest paid employee. The remuneration ranged from £3,420 to £41,107 for 2012/13 (£3,420 to £40,911 for 2011/12).

Integrated Management Structure		2012/13	2011/12
Highest Paid Director	£'000	40 - 45	40 - 45
Median Total Remuneration	£	7,915	7,915
Ratio		5.4	5.4

The table below shows the Hosted Services remuneration details.

South Tyneside Hosted Services Details

The banded remuneration of the highest paid director in the services hosted by South Tyneside PCT in the financial year 2012/13 was £110-115 thousand (2011/12,£110 - 115 thousand). This was 5.2 times (2011/12,5.2) the median remuneration of the workforce, which was £21,798 (2011/12, £21,798).

In 2012/13 and 2011/12 the highest paid Director was the highest paid employee. The remuneration ranged from £13,903 to £112,486 for 2012/13 (£13,903 to £112,486 for 2011/12).

Integrated Management Structure		2011/12	2010/11
Highest Paid Director	£'000	110 - 115	110 - 115
Median Total Remuneration	£	21,798	21,798
Ratio		5.2	5.2

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

Sunderland Teaching PCT

Included in the table below are costs in respect of staff working directly for Sunderland Teaching PCT (100%) and a share of costs (44.59%) for those staff working for NHS South of Tyne and Wear cluster.

Name and title	Period	2012-13 Salary (bands of £5,000)	2012 - 13 Other Remuneration see note 1 below	2012-13 Bonus Payments (bands of £5,000)	2012-13 Benefits in Kind (Rounded to nearest £00)	2011-12 Salary (bands of £5,000)	2011 - 12 Other Remuneration	2011-12 Bonus Payments (bands of £5,000)	2011-12 Benefits in Kind (Rounded to nearest £00)
		£000	£000	£000	£00	£000	£000	£000	£00
Sunderland Teaching PCT Specific									
Mrs S Winfield (Chair)	Apr 11 - Nov 11	N/A	N/A	N/A	N/A	20 - 25	0	0	0
Mrs P Harle (Non Exec Director)	Apr 11 - Nov 11	N/A	N/A	N/A	N/A	5 - 10	0	0	0
Mr D Barnes (Non Exec Director)	Apr 11 - Nov 11	N/A	N/A	N/A	N/A	5 - 10	0	0	0
Mrs A.Sullivan (Non Exec Director)	Apr 11 - Nov 11	N/A	N/A	N/A	N/A	0 - 5	0	0	0
Mrs RH Clavering (Non Exec Director)	Apr 11 - Nov 11	N/A	N/A	N/A	N/A	0 - 5	0	0	0
Mr R Reynolds (Non Exec Director)	Jun 11 - Nov 11	N/A	N/A	N/A	N/A	0 - 5	0	0	0
Ms M Crawford (Locality Director of Public Health)	Apr 11 - Mar 13	30 - 35	0	0	0	30 - 35	0	0	0
Sunderland Teaching PCT Share of Cluster									
Mr S Clark (Chair)	Dec 11 - Mar 13	15 - 20	0	0	0	5-10	0	0	0
Mr A.Baty (Vice Chair)	Dec 11 - Mar 13	15 - 20	0	0	0	5-10	0	0	0
Mrs S Winfield (Vice Chair)	Dec 11 - Mar 13	15 - 20	0	0	0	5-10	0	0	0
Mr T.Morgan (Non Exec Director)	Dec 11 - Mar 13	5 - 10	0	0	0	0 - 5	0	0	0
Mrs P Harle (Non Exec Director)	Dec 11 - Mar 13	0 - 5	0	0	0	0 - 5	0	0	0
Mr R Reynolds (Non Exec Director)	Dec 11 - Mar 13	0 - 5	0	0	0	0 - 5	0	0	0
Mrs M R Richardson (Non Exec Director)	Dec 11 - Mar 13	0 - 5	0	0	0	0 - 5	0	0	0
Mrs A.Sullivan (Non Exec Director)	Dec 11 - Mar 13	0 - 5	0	0	0	0 - 5	0	0	0
Mr P Morgan (Non Exec Director)	Oct 12 - Mar 13	0 - 5	0	0	0	N/A	N/A	N/A	N/A
Mr J Gosling (Non Exec Director)	Oct 12 - Mar 13	0 - 5	0	0	0	N/A	N/A	N/A	N/A
Mrs K Straughair (Chief Executive)	Apr 11 - Mar 13	70 - 75	265 - 270	0 - 5	45	70 - 75	0	0 - 5	38
Mrs L Robson (Chief Operating Officer)	Apr 11 - Oct 12	25 - 30	0	0	0	50 - 55	0	0 - 5	0
Mr C Macklin (Director of Finance)	Apr 11 - Mar 13	40-45	0	0	0	40 - 45	0	0	0
Mrs V Taylor (Director of Change and Transition)	Apr 11 - Mar 13	25-30	0	0	0	25 - 30	0	0	0
Mrs M Davison (Director of Governance & Quality)	Apr 11 - Mar 13	45-50	80 - 85	0	13	45 - 50	0	0	0
Dr D Hambleton (Director of Commissioning Development)	Apr 11 - Mar 13	50 - 55	0	0 - 5	44	50 - 55	0	0 - 5	31
Dr M Prentice (Medical Director and Clinical Executive Chair to 30 Nov 2011)	Apr 11 - Mar 13	5-10	0	0	0	5 - 10	0	0	0
Mrs J Akehurst (Associate Director of Patient Safety)	Apr 11 - Jun 11	N/A	N/A	N/A	N/A	10 - 15	0	0	4
Mrs C Donaldson (Associate Director of Patient Safety)	Jul 11 - Mar 13	40 - 45	0	0	1	30 - 35	0	0	0

2011/12 Benefits in Kind have been used as an estimate of 2012/13 Benefits in Kind, as these are not available at the time of producing the figures.

Note 1
Other Remuneration reflects the costs of redundancy / early release of pension. For every individual where this applies (not just directors) indivdual business cases were approved by both the PCT's and SHA's remuneration committees following independent legal advice.

Pay Multiples

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

The table below is calculated on the Sunderland TPCT capitation share of the integrated management costs of the NHS South of Tyne & Wear.

The banded remuneration of the highest paid director in Sunderland Teaching PCT in the financial year 2012/13 was £75 - £80 thousand (2011/12,£75 - £80 thousand). This was 5.3 times (2011/12,5.3) the apportioned median remuneration of the workforce, which was £14,524 (2011/12, £14,524).

In 2012/13 and 2011/12 the highest paid Director was the highest paid employee. The remuneration ranged from £6,199 to £75,430 for 2012/13 (£6,199 to £75,071 for 2011/12).

Integrated Management Structure		2012/13	2011/12
Highest Paid Director	£'000	75 - 80	75 - 80
Median Total Remuneration	£	14,524	14,524
Ratio		5.3	5.3

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

NHS South of Tyne and Wear

The following table shows the full year unapportioned costs of those staff shown under clustered tables who work across the 3 PCT's. This is not in addition to the apportioned tables above.

Name and title	Period	2012-13 Salary (bands of £5,000)	2012 - 13 Other Remuneration see note 1 below	2012-13 Bonus Payments (bands of £5,000)	2012-13 Benefits in Kind (Rounded to nearest £00)	2011-12 Salary (bands of £5,000)	2011 - 12 Other Remuneration	2011-12 Bonus Payments (bands of £5,000)	2011-12 Benefits in Kind (Rounded to nearest £00)
		£000	£000	£000	£00	£000	£000	£000	£00
Mr S Clark (Chair)	Dec 11 - Mar 13	40 - 45	0	0	0	10 - 15	0	0	N/A
Mr A.Baty (Vice Chair)	Dec 11 - Mar 13	35 - 40	0	0	0	10 - 15	0	0	N/A
Mrs S Winfield (Vice Chair)	Dec 11 - Mar 13	40 - 45	0	0	0	10 - 15	0	0	N/A
Mr T.Morgan (Non Exec Director)	Dec 11 - Mar 13	10 - 15	0	0	0	0 - 5	0	0	N/A
Mrs P Harle (Non Exec Director)	Dec 11 - Mar 13	5 - 10	0	0	0	0 - 5	0	0	N/A
Mr R Reynolds (Non Exec Director)	Dec 11 - Mar 13	5 - 10	0	0	0	0 - 5	0	0	N/A
Mrs M R Richardson (Non Exec Director)	Dec 11 - Mar 13	5 - 10	0	0	0	0 - 5	0	0	N/A
Mrs A.Sullivan (Non Exec Director)	Dec 11 - Mar 13	5 - 10	0	0	0	0 - 5	0	0	N/A
Mr P Morgan (Non Exec Director)	Oct 12 - Mar 13	5 - 10	0	0	0	N/A	N/A	N/A	N/A
Mr J Gosling (Non Exec Director)	Oct 12 - Mar 13	0 - 5	0	0	0	N/A	N/A	N/A	N/A
Mrs K Straughair (Chief Executive)	Apr 11 - Mar 13	155 - 160	605 - 610	5 - 10	101	160 - 165	0	5 - 10	85
Mrs L Robson (Chief Operating Officer)	Apr 11 - Oct 12	65 - 70	0	0	0	120 - 125	0	5 - 10	0
Mr C Macklin (Director of Finance)	Apr 11 - Mar 13	95 - 100	0	0	0	90 - 95	0	0	0
Mrs V Taylor (Director of Human Resources and Organisational Development / Director of Change and Transition)	Apr 11 - Mar 13	60 - 65	0	0	0	60 - 65	0	0	0
Mrs M Davison (Director of Governance & Quality)	Apr 11 - Mar 13	100 - 105	185 - 190	0	30	100 - 105	0	0	0
Dr D Hambleton (Director of Commissioning Development)	Apr 11 - Mar 13	115 - 120	0	5 - 10	98	115 - 120	0	5 - 10	69
Dr M Prentice (Medical Director and Clinical Executive Chair to 30 Nov 2011)	Apr 11 - Mar 13	10 - 15	0	0	0	10 - 15	0	0	0
Mrs J Akehurst (Associate Director of Patient Safety)	Apr 11 - Jun 11	N/A	N/A	N/A	N/A	20 - 25	0	0	8
Mrs C Donaldson (Associate Director of Patient Safety)	Jul 11 - Mar 13	95 - 100	0	0	3	65 - 70	0	0	0

2011/12 Benefits in Kind have been used as an estimate of 2012/13 Benefits in Kind, as these are not available at the time of producing the figures.

Note 1

Other Remuneration reflects the costs of redundancy / early release of pension. For every individual where this applies (not just directors) indivdual business cases were approved by both the PCT's and SHA's remuneration committees following independent legal advice.

Pension Information

The following tables provide full details of senior manager pension information for Gateshead PCT South Tyneside PCT and Sunderland Teaching PCT for 2012/13.

Some staff worked solely for the relevant PCT and therefore 100% of their pension infomation is recorded in the table for that PCT.

Other staff work for the NHS South of Tyne and Wear cluster which consists of Sunderland, Gateshead and South Tyneside PCT's.Pension information is split proportionate to population shares with Sunderland bearing 44.59% Gateshead bearing 31.11% and South Tyneside bearing 24.30% of the relevant costs.

Name and title	Period	Real increase in pension at age 60 (bands of £2,500)	Real increase in lump sum at age 60 (bands of £2,500)	Total accrued pension at age 60 at 31March 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 (reduction)/ increase in Cash Equivalent Transfer 2013	Employer's contribution to stakeholder pension (rounded to nearest £00)
		£000	£000	£000	£000	£000	£000	£000	£00
Gateshead PCT Share of Cluster									
K Straughair (Chief Executive)*	Apr 12 - Mar 13	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
L Robson (Chief Operating Officer)	Apr 12 - Oct 12	0 - 2.5	2.5 - 5.0	10 - 15	40 - 45	256	198	17	0
M Davison (Director of Governance and Quality)*	Apr 12 - Mar 13	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
D Hambleton (Director of Commissioning and Reform)	Apr 12 - Mar 13	(0 - 2.5)	(0 - 2.5)	10 - 15	30 - 35	198	184	3	0
C Donaldson (Associate Director Quality and Patient Safety)	Apr 12 - Mar 13	(0 - 2.5)	(0 - 2.5)	10 - 15	35 -40	252	236	2	0
Gateshead PCT Specific									
Mrs E C Wood (Locality Director of Public Health)	Apr 11 - Mar 12	0 - 2.5**	0 - 2.5**	5 - 10	20 - 25	158	149**	12**	0
South Tyneside PCT Share of Cluster									
K Straughair (Chief Executive)*	Apr 12 - Mar 13	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
L Robson (Chief Operating Officer)	Apr 12 - Oct 12	0 - 2.5	2.5 - 5.0	10 - 15	30 - 35	200	155	13	0
M Davison (Director of Governance and Quality)*	Apr 12 - Mar 13	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
D Hambleton (Director of Commissioning and Reform)	Apr 12 - Mar 13	(0 - 2.5)	(0 - 2.5)	5 - 10	25 - 30	154	144	2	0
C Donaldson (Associate Director Quality and Patient Safety)	Apr 12 - Mar 13	(0 - 2.5)	(0 - 2.5)	5 - 10	25 - 30	197	184	2	0
South Tyneside PCT Specific									
Mrs A Healy (Acting Locality Director of Public Health)	Apr 12 - Mar 13	0 - 2.5	0 - 2.5	15 - 20	55 - 60	201	176	13	0
Mrs J Forster (Director North East Primary Care Services Agency)*	Apr 12 - Mar 13	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr R. McLachlan (Director - North of England Cancer Network)	Apr 12 - Mar 13	(2.5 - 5.0)	(12.5 - 15.0)	40 - 45	130 - 135	938	956	(42)	0
Sunderland Teaching PCT Share of Cluster									
K Straughair (Chief Executive)*	Apr 12 - Mar 13	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
L Robson (Chief Operating Officer)	Apr 12 - Mar 13	0 - 2.5	5.0 - 7.5	20 - 25	60 - 65	366	284	25	0
M Davison (Director of Governance and Quality)*	Apr 12 - Mar 13	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
D Hambleton (Director of Commissioning and Reform)	Apr 12 - Mar 13	(0 - 2.5)	(0 - 2.5)	15 - 20	45 - 50	283	264	4	0
C Donaldson (Associate Director Quality and Patient Safety)	Apr 12 - Mar 13	(0 - 2.5)	(0 - 2.5)	15 -20	50 - 55	361	338	3	0
Sunderland Teaching PCT Specific									
M Crawford (Locality Director of Public Health Sunderland Teaching PCT)	Apr 12 - Mar 13	0 - 2.5	0 - 2.5	10 - 15	40 -45	273	251	5	0

The following table shows the full year unapportioned pensions information of those staff shown under clustered tables who work across the 3 PCT's. This is not in addition to the apportioned tables above.

K Straughair (Chief Executive)*	Apr 12 - Mar 13	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
L Robson (Chief Operating Officer)	Apr 12 - Oct 12	2.5 - 5.0	12.5 - 15.0	45 - 50	135 - 140	821	637	55	0
M Davison (Director of Governance and Quality)*	Apr 12 - Mar 13	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
D Hambleton (Director of Commissioning and Reform)	Apr 12 - Mar 13	(0 - 2.5)	(0 - 2.5)	35 - 40	105 - 110	636	592	8	0
C Donaldson (Associate Director Quality and Patient Safety)	Apr 12 - Mar 13	(0 - 2.5)	(0 - 2.5)	40 - 45	120 - 125	810	758	8	0

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

* Took pension as part of redundancy package at 31st March 2013 - these costs are included within remueration report in column headed other remuneration.

** Estimated costs as prior year figures not available.

Cash Equivalent Transfer Values

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

Real Increase in CETV

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

Exit Packages for staff leaving in 2012-13

Note 7.4 of the attached accounts records number and value of exit packages in 2012/13.

Consultation with Staff

We have continued to ensure that our staff have the skills and ability to make our vision for NHS South of Tyne and Wear a reality. We communicate regularly with staff through a monthly Chief Executive Core Cascade and manager's briefing, and a bi-monthly staff e-newsletter.

A key focus this year has been to ensure staff are well informed around the national changes and establishment of new organisations in view of the planned closure of the PCTs on 31 March 2013. The Once North East Partnership Forum has been the focus for consultation on these significant changes and the impact on staff, in particular the implementation of the National policy on Filling of posts, the Transfer of staff under a Transfer Order or Scheme and on potential redundancies.

A Regional meeting with Regional Full time Trade unions was established to ensure consultation on local issues and updates on emerging organisations were shared.

During the year staff were assigned to new roles on the basis of the National process and transferred to the new organisations in 1 April 2013. The Once North East Partnership Forum agreed a local implementation framework to ensure that staff were redeployed wherever possible into new roles and to minimise the number of redundancies within South of Tyne and Wear.

Communication with staff continued throughout this process to seek a seamless transition. In addition, the new organisations' established their own communications mechanisms with staff during the transition period.

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Signing Officer for Annual Report and Accounts 2012/2013

John Lawlor
Area Director - Cumbria, Northumberland, Tyne and Wear Area Team

Gateshead Primary Care Trust

FINANCIAL REVIEW

Gateshead Primary Care Trust delivered all its statutory and administrative financial duties during the 2012/13 financial year. The financial results of the PCT are set out in the following pages of the report. Headline results are as follows:-

- A revenue surplus of £397,000 against a resource limit of £406 million.
- An underspend on capital of £344,000 against a capital resource limit of £4.7 million.
- Cash was managed within the resource limits available.
- Sustained high performance against the Better Payments Practice Code.

This is an excellent result for the PCT given the pressures faced "in year" which maintains the excellent financial performance of the organisation in previous years.

Success was delivered against the continued backdrop of strict 'control totals' agreed with the Strategic Health Authority, effective monitoring and management of financial risks and effective reporting arrangements during the year. The Cluster Board meetings operating at an "NHS South of Tyne & Wear" level received regular financial updates formerly and informally during the year and this was replicated at the Gateshead Clinical Commissioning Group (CCG) meetings on a regular basis. A significant element of the PCTs commissioning budgets were delegated to the CCG to manage on the Boards behalf in 12/13 which demonstrated the confidence of the existing statutory body with its "main" successor organisation.

Year end forecasts have not deviated in year which highlights the robustness of financial reporting within the PCT. Whilst delivering an excellent surplus certain budget lines did experience pressure in year which were managed successfully by the effective use of reserves.

To prepare the CCG to take on its new powers the Cluster Board delegated responsibility for the budgets that the CCG will ultimately inherit from 2013/14. This has enabled the CCG to develop an understanding of the dynamics of the various budget headings and hopefully a successful track record which will assist in its early years as a new statutory body.

This summary report contains a considerable amount of evidence which highlights our achievements/improvements in healthcare during 2012/13, whilst not compromising our excellent financial track record. We had a strong culture of good quality financial management and control which could have been tested in a transitional year as the NHS moved to new ways of working, however it is testament to everyone working in the PCT and CCG that continued success was delivered.. We worked collectively to ensure no loss of financial memory which underpinned the PCTs strategies in 2012/13 and prepared the CCGs to take on and continue the excellent work from 2013/14.

Accounts have been produced under International Financial Reporting Standards in accordance with Department of Health guidelines. The quality of the accounts and working papers remained high whilst still adhering to tight submission dates set by DH. This year's annual report will not contain Summarised Financial Statements as in previous years as it is the last year of existence for the PCT. Readers are asked to refer to the Full Accounts for any financial analysis.

AUDIT ARRANGEMENTS

External auditors for the NHS are appointed by the Secretary of State. For Gateshead PCT these services are provided by Mazars LLP.

During the year the auditors undertook a broad range of activities which were approved and monitored by the Audit Committee. As well as the mandatory financial statements work, the audit in 2012/13 provided an assessment on our arrangements for securing economy, efficiency and effectiveness i.e. value for money. In addition specific audits on payment by results and the National Fraud Initiative were undertaken.

The fees paid by the PCT for external audit was as follows:-

Financial Statements	**£75,168**
PBR	**£21,000**
NFI	**£1,000**
Total Fee Paid	**£97,168**

The payment by results and National Fraud Fees were standard rates applied to all primary care organisations.

WHAT DOES THE FUTURE BRING?

Change is not an unfamiliar concept to those of us who work in the NHS. The ability to adapt and refocus our objectives / goals to suit changing circumstances has been one of the key successes of Gateshead PCT. Going forward this will be even more critical; however it will be Gateshead CCG who will carry the mantle forward. The current position of the economy, significant interest in the new reforms could take the CCGs minds off its key focus to improve health services and reduce health inequalities. Early indications are good as the CCG had produced a robust set of financial and operational plans to further develop services for the Gateshead community, however the "proof of the pudding will be in the eating". The first Gateshead CCG Annual Report in a years' time will be an opportunity for the new statutory body to demonstrate that the good work has continued and the pace of change has accelerated.

Chris Macklin C.P.F.A.
Former Finance Director Gateshead PCT

Gateshead Primary Care Trust Annual Accounts 2012 - 2013

CERTIFICATES

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: John Lawlor, Area Director Cumbria Northumberland Tyne & Wear Area Team

Date 5th June 2013

STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

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

- make judgements and estimates which are reasonable and prudent;

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

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

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

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

By order of the Permanent Secretary.

5th June 2013 Date.....Signing Officer

5th June 2013 Date .....Finance Signing Officer

MAZARS

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

We have audited the financial statements of Gateshead 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. 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;
- the table of pension benefits of senior managers and related narrative notes; and
- the table of pay multiples and related narrative notes.

This report is made solely to the Accountable Officer for Gateshead 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.

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.

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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 Gateshead 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

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Code of Audit Practice issued by the Audit Commission requires us to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

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

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

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

Certificate

We certify that we have completed the audit of the accounts of Gateshead 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.

Steve Nicklin CPFA for and on behalf of Mazars LLP

Chartered Accountants

Rivergreen Centre

Aykley Heads

Durham

DH1 5TS

8th June 2013

GATESHEAD PRIMARY CARE TRUST
Annual Governance Statement 2012/13

1. Scope of responsibility

As Accountable Officer, and Chief Executive of NHS South of Tyne and Wear, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the Primary Care Trust is administered prudently and economically and that resources are applied efficiently and effectively. I acknowledge my responsibilities as set out in the Accountable Officer Memorandum.

2. The purpose of the governance framework

2.1 Governance is concerned with the systems, controls, accountabilities and decision-making at the highest level of the organisation. It is about the way the organisation leads and manages through its values (in the public sector of accountability, probity and openness) and its systems (such as governance structures and risk management systems). The governance framework comprises the systems and processes, and the culture and values, by which the organisation is directed and controlled. It enables the organisation to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

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

2.3 The governance system has been in place in the Primary Care Trust for the year ended 31 March 2013 and up to the date of the approval of the statement of accounts.

3. The Governance Framework

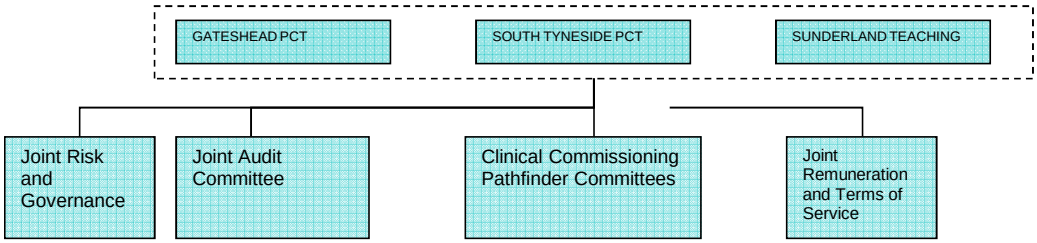
3.1 Following the establishment of integrated management arrangements for Gateshead PCT, South Tyneside PCT and Sunderland Teaching PCT in 2007, the Statutory Boards have established integrated governance arrangements covering the three PCTs and which from December 2011 have, in accordance with national guidance, operated as a PCT Cluster Board. In line with guidance, an agreement has been approved which sets out the working arrangements for the three statutory Boards within NHS South of Tyne and Wear working together as a single Cluster Board. During the year the PCT Joint/Cluster Board met on five occasions both in private and public, and for which there was an annual cycle of business. An extra-ordinary meeting was also held in January 2013 dealing with the outcome of the PCT's public consultation on improving urgent and emergency care services in Sunderland. Agendas are structured to deal with strategic, performance, quality assurance, risk and governance issues.

The arrangements meet the requirements of best practice guidance in respect of risk management and ensure that a strong accountability framework has been established. They reflect the public service values of accountability, probity and openness and specify as Chief Executive my responsibility for ensuring that these values are met within the PCT.

3.2 The PCT Cluster Board has continued to operate with a committee structure which reflects guidance and best practice, including a Joint Remuneration and Terms of Service Committee and a Joint Audit Committee. Revised terms of reference have been agreed for these committees which reflect changes arising from the PCT Cluster Board arrangements and following delegation to them by the PCT Board. Other committees and sub-committees of the PCT Cluster Board, and which support the organisation in the delivery of effective governance, include the Joint Risk and Governance Committee and the Quality, Patient Safety and Clinical Governance Committee. In keeping with the PCT's commitment to supporting the progress of Clinical Commissioning Pathfinder Committees towards authorisation and the commensurate delegation of decision making, members of the Pathfinder Committees are formally included within the membership of the PCT's committees and sub-committees. The organisational structure including key committees is set out below;

NHS South of Tyne and Wear Joint/Cluster Board

3.3 **Description of the established Board Committees**



The roles of each of the Board Committees are set out broadly below. The Board Committees have authority under the Scheme of Delegation to establish sub committees or sub groups to enable them to fulfil their role. Each of the Board Committees has detailed Terms of Reference. Each Committee is authorised by the PCT Board to pursue any activity within their Terms of Reference and within the Scheme of Reservation and Delegation.

Joint Remuneration and Terms of Service Committee

The Committee is established to advise/recommend to the PCT Cluster Board the appropriate remuneration and terms of service for the Chief Executive, Directors and other staff paid through the Very Senior Manager Pay Framework. The Committee also advises/recommends to the PCT Cluster Board remuneration for the role of Vice Chair, remuneration and terms of service of any independent lay members/Associate Non Executive Directors, and reviews any business cases for early retirement and redundancy.

Joint Audit Committee

In line with the requirements of the NHS Audit Committee Handbook and NHS Codes of Conduct and Accountability, the PCT Cluster Board has established a joint committee of their statutory Boards known as the Joint Audit Committee. The Committee provides the organisation with an independent and objective review of their financial systems, financial information and compliance with laws, guidance, and regulations governing the NHS. The Committee's cycle of business includes review of the Board Assurance Framework and corporate risk register. The Committee is a non-executive committee of the Board and has no executive powers, other than those specifically delegated in its terms of reference. Annually the Committee also carries out a self-assessment of its effectiveness.

The Joint Audit Committee as part of its terms of reference provides an Annual Report of its work to the PCT Cluster Board. The most recent report available covers the year to 30 June 2012. The principal purpose of the report is to give the Board an assurance as to the work carried out to support the Chief Executive's review of the internal control arrangements. The Committee's cycle of business enables the Joint Audit Committee to carry out its key objectives necessary to support its assurances regarding the effectiveness of the organisation's internal controls.

Extracts from the Joint Audit Committee's Annual Report for the year to June 2012.

The following extract from the Joint Audit Committee's Annual Report details the coverage of the work of the Committee, the principal purpose of which is to give the Board an assurance as to the work carried out to support the Annual Governance Statement given by the CEO on its behalf.

Principal Review Areas

This annual report is divided into five sections reflecting the five key duties of the Committee as set out in the terms of reference.

1. Governance, risk management and internal control

- The Committee has reviewed relevant disclosure statements, in particular the Annual Governance Statement together with the Head of Internal Audit Opinion, external audit opinion and other appropriate external independent assurances and considered that the Annual Governance Statement was consistent with the AC's view on the PCT's system of internal control. Accordingly we supported the Board's approval of the Annual Governance Statement.

- The Committee reviewed the Assurance Framework and believed that it was fit for purpose and has reviewed evidence to support this. The Framework is in line with Department of Health expectations and has been reviewed by internal and external audit to give additional assurance for our opinion.

The Committee has reviewed the completeness of the risk management system and the extent to which it is embedded within the organisation. This included a regular review of the organisation's risk management arrangements and in particular its risk registers. It should be noted that there is also a much improved regular review of risk presented to the PCT Cluster Board in the form of a Top Risks Register

2. Internal audit: throughout the year the Committee has worked effectively with internal audit to review and strengthen the PCT's internal controls and in particular:

- Reviewed and approved the internal audit strategy, operational plan and detailed programme of work. The formal meetings always include at least two members of their team. We consider their reports, agree their programmes and consider their effectiveness. They also deliver our fraud protection programmes and we consider the reports to be aware of any issues requiring further action. In this connection there were no major incidents which required additional time allocation. We have considered whether we should employ outside assessment of their performance, however we are persuaded that this can be more effectively dealt with by reliance on help and report from our external auditors.

- Considered the findings of internal audit and sought assurance that management had responded in an appropriate way and that the Head of Internal Audit Opinion and Annual Governance Statement reflected any significant control weaknesses.

3. External audit:

- The Committee reviewed and agreed external audit's annual plan
- The Committee reviewed and commented on the reports prepared by external audit

As with internal audit we always have at least two members of their team present at our formal meetings. We review their work and findings, follow up their management requests, and agree their fee proposals. They keep us informed in respect of the changing nature of DH requirements, and have arranged briefing sessions where necessary. We were pleased to note that the effectiveness of the AC was noted by the District Auditor at his annual presence at the Board.

The Audit Committee again met with the auditors (both Internal & External) on at least one occasion without Management present. Whilst there were, as we would expect, no significant issues to discuss in this session, it did allow some helpful suggestions to be made about timing of preparation of information for the audit and the Director of Finance was able to deal proactively with these and improve the efficiency of the audit process.

4. Management:

- Whilst the Committee meets formally four times a year we also have informal meetings with the Director of Finance and his senior team. These are mainly educational and contain briefings on the monthly accounts including comparatives to budget, outlining future budget plans and also scrutiny of the Resource Releasing Initiatives (RRI) programme as referred to below. The AC greatly values these discussions, which also give the finance department an informal setting to highlight issues and concerns. We are able as a result to give the Board assurances of independent scrutiny of items submitted to it. Given the current pressures on our Executive and our Board as a result of management cost reductions, RRIs and the Transition programme for NHS reform including the development of Clinical Commissioning, it is all the more important that we continue to support the organisation by having more informal meetings with the Director of Finance and his staff. These meetings will enable the AC to form opinions to support evidence needed for the Board in its deliberations on financial statements.

- Value for Money is important to the organisation as it is an important part of outside monitoring. We take our responsibilities seriously and are involved in scrutiny of both the external auditors report and in helping the Director of Finance formulate his plan and budgets. The AC has had a significant focus on reviewing the progress of Resource Releasing Initiatives (RRIs) this year and has been able to use a number of its informal meetings to review and discuss progress on these with the internal team. The time allocated to these meetings permits a greater degree of scrutiny and understanding than is possible at a full meeting of the Board and has helped Inform the reporting of progress to make this more readily accessible. It was pleasing to note that that the Auditors issued a "Green" rating to all 3 PCTs on their arrangements to secure value for money.

5. Financial Reporting:

The Committee carried out its normal annual, detailed review of the statutory accounts before submitting them to the Board, discussing detailed issues with key members of the Finance Team in a special three-hour meeting. The Committee supported Management's treatment of the merger accounting issue but asked that a number of small disclosure items were amended in various places within the three sets of statutory accounts and identified an error in the presentation of the numbers (in a supporting note to one of the primary statements). We would again like to thank the Director of Finance and his team for their openness and cooperation in sharing information with the Committee and taking the extra time to provide explanations and debate key areas with us.

In addition we reviewed the narrative of the published accounts in detail this year and our discussions led to a number of changes being made to make the accounts even more readable - notably with some extended explanatory narrative and comparators added to disclosure notes about HR matters.

Other matters worthy of note

As the organisation moved towards the new arrangements and greater delegation of resources and responsibility to Clinical Commissioning Groups, the Committee shared its role and remit with members of the emerging organisations. In particular in order to provide the necessary assurance during the transition, members of the shadow Clinical Commissioning Groups started to attend meetings of the Audit Committee. We believe that this early understanding of the important role of the Audit Committee will be of benefit to the Clinical Commissioning Groups once established.

In addition to reviewing in detail the Annual Accounts in order to give assurance to the Board, we also reviewed the Annual Accounts process in detail. Linked to this we also reviewed and approved the PCT's Annual Report.

Self Assessment of Effectiveness

We confirm that we have carried out our self assessment, strengthening our model of assessment through use of an additional tool. Following the outcome of the assessment there were no concerns to be actioned.

Conclusion

As the NHS locally moves to its new structures it will be important to ensure that the emerging assurance arrangements are fit for purpose particularly during a period when the capacity and capability of the new organisations is likely to be tested. Clinical Commissioning Groups may well be advised to look to the experience of their Audit Committees to help them chart the governance terrain and help them put in place suitably robust governance and assurance arrangements".

Joint Risk and Governance Committee

The principal purpose of the Joint Risk and Governance Committee (JRGC) is to exercise on behalf of the PCT Cluster Board the functions that are delegated to it in respect of the development, implementation and monitoring of integrated risk and governance. In particular, by providing assurance on the systems and processes by which the PCT Board leads, directs and controls its functions in order to achieve its organisational objectives. In particular, it has overall responsibility for reviewing the Board Assurance Framework, the Top Risks and Corporate Risk Registers, (together with the Joint Audit Committee), and upon which reports were made to the PCT Board.

In keeping with the transition arrangements and authorisation of CCG's, there was a review of the role of the JRGC in this transition period. Accordingly from 2012, it was agreed that the JRGC would be retained as a PCT Board Committee, accountable directly to the PCT Board for functions that were not delegated to the Clinical Commissioning Pathfinder Committees, but with accountability and reporting in parallel through to the Clinical Commissioning Pathfinder Committees for functions that will form part of the CCG's statutory functions and duties post authorisation. This was proposed as a pragmatic approach which has enabled CCGs to build upon a model that was tried and tested and that would provide assurance to the Pathfinder Committees. As part of this approach each CCG has been represented on the Committee (and the Quality, Patient Safety and Clinical Governance Sub-Committee) enabling them to gain knowledge and build up a track record of assurance processes particularly as they relate to risk and compliance with statutory obligations.

From November 2011 the PCT's Quality, Patient Safety and Clinical Governance Sub-Committee was stood down, being replaced by a similar committee in each of the CCGs.

Following from this, changes were made to reporting arrangements for the sub-committees of the JRGC based on whether the functional area of the committee was to be retained as a Board level function or as a delegated CCG function. In line with these changes the terms of reference of the JRGC changed in year.

Whilst ensuring that the JRGC's structures are appropriate during the transition to CCGs, it has been just as important to ensure that the JRGC discharged its responsibilities effectively in order to ensure that the PCT and increasingly the CCGs are commissioning safe care for patients. Significantly during the year through its cycle of business, the JRGC and its associated sub-committees have considered the following quality, risk, safety and governance issues;

- Quality monitoring reports on provider commissioned services, including the reporting of serious untoward incidents
- Complaints. claims and untoward incidents (through a report from the Quality, Patient Safety and Clinical Governance Committee)
- Information Governance
- Corporate and top risks register
- Risk Management Strategy and Governance Framework
- Emergency Planning and Business Continuity
- Health and Safety
- Assurance on Equality, Diversity and Human Rights arrangements
- Management of Controlled Drugs arrangements (through an Annual Report)
- Healthcare Acquired Infections
- Relevant policy approval
- Provision of Nursing Home Care
- PCT Closedown Project Plan, including review of Legacy document
- Transition Reports

3.4 **Clinical Commissioning Groups**

3.4.1 The PCT has continued to work with the shadow Clinical Commissioning Groups as they have each progressed towards establishment. In December 2011 the PCT made decisions to ensure greater delegation of some of its functions and resources to each of the Clinical Commissioning Groups during the transition period, and which were commensurate with the PCT's overall responsibility as a statutory body until abolition in 2013. These changes resulted in ever increasing delegation to CCG Pathfinder Committees and revisions to the Committee structures to support the development of the CCGs.

3.4.2 Final changes to the PCTs' governance arrangements were made in December 2012. These changes recognised the fact that each of the CCG's had in place their governing bodies and were beginning to operate as shadow Governing Bodies and that each of the CCGs had in place their own committee structures in accordance with the CCG Regulations and their Constitutions.

3.4.3 In recognition of the fact that the PCTs remain the accountable statutory bodies until 31 March 2013, it was agreed by the PCT Cluster Board that the Annex to the PCTs' Scheme of Reservation and Delegation, which delegated responsibilities to the CCGs, should remain extant for the duration of the PCT, together with the Financial Scheme of Delegation to PCT Officers and Committees (and which provided for delegation of financial decision-making to CCGs). Importantly in addition, in order to discharge its accountability the PCT continued to rely on the forms of assurance which had been put in place including the accountability reports to the PCT Cluster Board and the regular accountability review meetings.

3.5 **Specialist Services.** There are a number of services which are so specialist and/or high cost, low volume that the PCT has made collaborative commissioning arrangements for them with other PCTs in the North East to make commissioning decisions through delegation arrangements:

- North of England Specialised Commissioning Transition Board (supported by a North East Regional Operating Group – covers a set of nationally defined specialist services, including radiotherapy and bariatric surgery (hosted by North Tyneside PCT);
- North of England Cancer Drugs Advisory Group (hosted by South Tyneside PCT).
- Prison services (hosted by NHS Durham)

Each of these groups has an agreed governance framework, which specifies clear roles, responsibilities and accountabilities. The groups' investment decisions and regular review of performance against those investments are all formally documented. In addition, performance on specialised services is also integrated into the PCT performance monitoring and reporting process.

3.6 The North East Primary Care Services Agency, whose functions include primary care commissioning, contracts and performance, and family health services, has been operating on behalf of PCTs since 1 December 2010, with each PCT retaining its responsibilities for the period up to which a Service Level Agreement and associated formal delegation arrangements were put in place in May 2011. The NE PCSA is hosted by South Tyneside PCT.

3.7 In addition, close working relationships have been established with partner organisations in the local health community and performance against agreed Annual Operating Plan objectives is continually assessed. Organisational arrangements are in place for these partnership arrangements including provider trusts, local authorities and other stakeholder and partner organisations. Close links have also been maintained with the North East Strategic Health Authority, with regular meetings being held to address performance issues, priorities across all activities, and the arrangements for meeting the requirements of the NHS reforms.

3.8 The Integrated Strategic and Operational Plan for 2012/16 has provided the overall vision and strategic and operational focus for the organisation. The Plan sets out for each PCT a four year vision for service improvement supported by plans for meeting the national priorities set out in the "Operating Framework for the NHS in England 2012/13" and the local priorities indentified by the Joint Strategic Needs Assessment, developed in partnership with each local authority. As we have moved towards the new arrangements the shadow CCGs have each developed their own 'Clear and Credible' Plans.

3.9 As a key means of ensuring that the organisation's objectives are being delivered, the PCT has developed a detailed Board Assurance Framework which, together with other reporting mechanisms available to the Board, provides evidence as to the effectiveness of controls and assurance that are in place for ensuring delivery of the organisation's key objectives. The PCT Cluster Board has approved the Assurance Framework confirming that the controls to manage risks and forms of assurance are reasonable and, where appropriate, has developed action plans to improve controls and forms of assurance. The Assurance Framework is reviewed in detail by both the Joint Audit Committee and the Joint Risk and Governance Committee. The Assurance Framework is continually refined in its development in order to ensure that it covers all areas on which the Board should be seeking assurance.

Board Directors Attendance Record 2012/13

Director	PCT Board	Joint Audit Committee	Joint Risk and Governance Committee	Remuneration Committee
Non Executive Directors				
Mr Stephen Clark, Chair	3/5 (60%)			2/2 (100%)
Mr Alan Baty, Vice Chair	4/5 (80%)	2/4 (50%)		2/2 (100%)
Mrs Sue Winfield, Vice Chair	4/5 (80%)		4/4 (100%)	2/2 (100%)
Mrs Pat Harle	3/5 (60%)		2/4 (50%)	
Mr Tim Morgan	4/5 (80%)	3/4 (75%)		
Mr Ron Reynolds	3/5 (60%)	3/4 (75%)		
Mrs Ruth Richardson	3/5 (60%)		2/4 (50%)	
Mrs Aileen Sullivan	3/5 (60%)		4/4 (100%)	
Executive Directors				
Mrs Karen Straughair, Chief Executive *	4/5 (80%)			
Mr Chris Macklin, Director of Finance *	3/5 (60%)	4/4 (100%)	1/4 (25%)	
Dr Mike Prentice, Medical Director *	4/5 (80%)		3/4 (75%)	
Mrs Amanda Healy, Acting Director of Public Health, South Tyneside PCT	2/5(40%)			
Ms Maureen 'Nonnie' Crawford, Locality Director of Public Health, Sunderland TPCT *	2/5 (40%)			
Dr Alyson Learmonth, Locality Director of Public Health, Gateshead PCT (to May 2012) * Mrs Carole Wood, Locality Director of Public Health, Gateshead PCT (from April 2012)	1/1 (100%) 1/3 (33%)			
Mrs Louise Robson, Chief Operating Officer, * (to October 2012)	2/3 (66%)		1/3 (33%)	
Dr David Hambleton, Director of Commissioning Development	3/5 (60%)			
Mrs Carole Donaldson, Associate Director of Nursing and Patient Safety/Nurse Adviser to the Board *	3/5 (60%)		4/4 (100%)	
Mrs Moira Davison. Director of Governance & Quality	3/5 (60%)	2/4 (50%)	4/4 (100%)	
Mrs Vicki Taylor, Director of Human Resources, Organisational Development and Workforce (until 31/05/11) and Director of Change and Transition (from 11/07/11).	1/5 (20%)			

* Denotes Executive Director with voting right.

3.10 **Review and assessment of Board Effectiveness and Assessment of Compliance with Corporate Governance Codes**

3.10.1 In reviewing and assessing Board effectiveness, the guidance provided on effective corporate governance contained in three key documents - the Financial Reporting Council's UK Corporate Governance Code, 2010, the Code of Good Practice published by HM Treasury (2011) and that of the National Leadership Council, 'The Healthy NHS Board: Principles for Good Governance' - have been taken into account. Board effectiveness has been assessed following a detailed mapping of the PCT Cluster Board's governance practice to the guidance and standards contained in the UK Corporate Governance Code, 2010, to which all subsequent best practice refers. The guidance contained within The UK Corporate Governance Code has enabled a detailed review of board effectiveness against the following criteria – leadership, effectiveness, accountability, remuneration and relations with stakeholders.

3.10.2 In particular, having reviewed the effectiveness of the PCT Cluster Board's governance framework and arrangements in relation to the UK Corporate Governance Code and associated guidance, I consider that the organisation complies with the principles and standards of best practice contained within the guidance on a "comply or explain" basis.

3.11 **PCT Handover and Closedown Documentation**

3.11.1 In May 2012, the Department of Health issued guidance advising PCTs of the requirement, as part of the transition and closedown arrangements, to produce operational handover and closedown documents for the benefit of successor receiver organisations. Accordingly detailed handover documents have been produced and shared with all receiver organisations and with NHS North. This has also involved a series of face to face meetings with receiver organisations to discuss the contents of the handover documents.

3.11.2 In addition, through the production and sharing of the handover documents with receiver organisations, the sharing of the PCT's risk reports and register, and on-going discussions with receiver organisations, it has been possible to appraise successor receiver organisations of the actual and potential risks to service delivery which they will face.

3.11.3 The Joint Risk and Governance Committee provided oversight of the transition planning and close down activities on behalf of the PCT Cluster Board and received reports at each meeting including the transition risks. They also undertook detailed review of the PCTs' transfer scheme instructions and schedules where

available from the Department of Health, and, under delegated authority, approved these on behalf of the PCT Cluster Board, with subsequent ratification at the PCT Cluster Board on 25th March 2013.

The Joint Audit Committee received assurance reports on PCT Financial closedown on behalf of the PCT Cluster Board.

3.12 **Accounts Scrutiny and Sign Off**

In line with the Department of Health's letter of 17 December 2012 (Gateway reference: 18561), the PCT has complied as necessary with the arrangements for accounts scrutiny and sign off. In particular, when the PCT ceases to be a statutory body on 1 April 2013, the requirement for essential scrutiny and governance provided by the Audit Committee will be lost in relation to the 2012/13 Annual Accounts. Accordingly in line with the Department of Health's requirements, three non-executive directors of the PCT Cluster Board have been nominated to form a sub-committee of the of the Department of Health's own Audit and Risk Committee to ensure the necessary scrutiny and sign off of the 2012/13 Annual Accounts.

3.13 I can confirm that the arrangements in place for the discharge of statutory functions have been checked for any irregularities, and that they are legally compliant.

4. The Risk and Control Framework

4.1 A Risk Management Strategy is in place which takes into account current guidance on risk management best practice and incorporates guidance provided by ISO 31000:2009 (formerly AZ/NZ Standard 4360:2004) and the former National Patient Safety Agency in its approach to assessing risk. It also takes into account the recommendations of audit report findings (S2010/26).

4.2 The Risk Management Strategy sets out the PCT's approach to the assessment and management of clinical and non-clinical risk in fulfilment of our overall objective to commission and provide high quality and safe services. It provides guidance for the systematic and effective management of risk. Key elements of the Risk Management Strategy include:

- a clear statement of Board and individual accountability for delivery of the strategy
- clear principles, aims and objectives of the risk management process
- a clearly defined process for delivering the strategy including an implementation plan to ensure that the strategy and risk management awareness is communicated to all staff
- details of the approach to be undertaken to assess and report risk
- an agreed process for reporting, managing, analysing and learning from adverse events supported by a "fair blame" culture and approach
- confirmation of the arrangements for reporting risks through the Top Risks Report, Corporate and Directorate Risk Registers

- arrangements for monitoring and review of the strategy

The overall risk management approach ensures that the strategy is coordinated across the whole organisation and progress is reported effectively to the PCT Cluster Board and Joint Risk and Governance Committee.

4.3 Risk is identified and embedded in the organisation via a number of mechanisms including the incident reporting system which identifies the risks that have already (or nearly) occurred from incidents or near misses; as a result of risk registers operating at directorate and corporate level which identify existing or prospective risks to the organisation; through our strategic planning system which ensures that all organisational objectives are rated for risks to achievement of delivery; and in our performance management system which rates all objectives for risk to delivery. In addition, all Board policies and reports are assessed for equality impact.

4.4 A key element in the management of organisational and strategic risk is the Top Risks Report. This report provides a dynamic overview of the current high level risks facing the organisation. These risks are mapped to the principal organisational objectives reflected in the Board Assurance Framework and take into account the organisational and structural changes resulting from the White Paper “Equity and excellence: Liberating the NHS.” Specifically, the risks are aligned with the key priorities and risks of Board focus in the transition period – performance against our overall commissioning purpose to improve the health of the population we serve, delivery of QIPP (Quality, Innovation, Productivity and Prevention) and the reduction in management costs, patient safety and quality, and the transitional programmes for Public Health and Clinical Commissioning Groups. This report is reviewed at meetings of the Joint Risk and Governance Committee and at formal meetings of the PCT Cluster Board, providing for current and emerging risks to be screened at the most senior level of the organisation.

The Board Assurance Framework and risk processes are reviewed by the Joint Audit Committee and by the PCT Cluster Board.

4.5 **Counter Fraud**

Our Counter Fraud activity plays a key part in deterring risks to the organisation’s financial viability and probity. An annual Counter Fraud Plan is agreed by the Joint Audit Committee which focuses on the deterrence, prevention, detection and investigation of fraud. In line with guidance issued by NHS Protect the plan for 2012/13 reflected the recommendation that a significant proportion of counter fraud activity should be given over to proactive counter fraud work.

4.6 **Information Governance**

The PCT has adopted and implemented the Department of Health Guidance, 'Checklist for Reporting, Managing and Investigating Information Governance Serious Untoward Incidents'. The organisation has in place a standard operating procedure for the reporting of level 3 Information Governance incidents to the Information Commissioner. This procedure outlines the scope of responsibilities and details the reporting procedures to be used in the event of a data security breach. There were no Information Governance incidents classified at a severity rating of 3 to 5 within NHS South of Tyne and Wear.

The PCT has an Information Governance Committee which reports to the Joint Risk and Governance Committee.

The PCT has submitted the Information Governance Toolkit and has been assessed as being 68% overall compliant, which confirms the organisation's rating as overall 'satisfactory' in this regard. Self assessment of compliance against the information governance requirements of the information governance toolkit was submitted online by 31 March, which received an opinion of significant assurance from the Internal Auditors. An opinion of limited assurance has been given on the Information Governance arrangements due to a specific point on compliance on the training standard for which a change in the Connecting for Health requirements was made in-year.

5. Significant Issues

Whilst the organisation has been in transition to the new operating arrangements for the commissioning of health services, this has been a challenging year for the organisation as a whole. In particular, whilst putting in place the architecture to support the new arrangements, the PCT has had to continue to discharge its day to day statutory responsibilities and often against a background of reduced capacity. This has required the organisation to be especially vigilant in relation to current and prospective organisational risks. As already described, this has been achieved by ensuring that the organisation has been adequately sighted throughout the year on key operational risks by means of the Top Risks Report. Drawing on this, it is possible to highlight the significant issues facing the organisation, as follows;

In-Year Risks and Significant Issues for the Organisation

- Financial Performance including contracting for acute hospital activity

NHS South of Tyne and Wear delivered a combined surplus of no greater than £1.5m for 2012/13, financial and contract activity pressures emerged in year which required careful management to deliver a balanced position at the year end. It is pleasing to note that for the future each of the shadow Clinical Commissioning Groups have agreed collectively risk sharing/pooling arrangements to create flexibility.

Of particular concern in year has been the over performance of acute activity across all acute contract providers, as reported and discussed at the March 2013 PCT Cluster Board Meeting:-

- **Gateshead PCT**

Although the forecast year end financial position (as at Month 10) is showing a surplus for the PCT and CCG largely as a result of slippage on reserves and under-spending budgets, a concern remains that variances at the current levels within a range of budget heads are not sustainable for the future. A contract performance pressure remains the number of actual elective in-patients being treated by the Gateshead and Newcastle providers compared with the funded contracted activity.

- **Sunderland TPCT**

Whilst Sunderland TPCT is forecasting a year end financial position (as at Month 10) showing a surplus for the PCT and marginal surplus for the CCG, similar to the other PCTs there remains an underlying concern in relation to contract over performance of activity within its acute providers.

- **South Tyneside PCT**

The forecast year end financial position (as at Month 10) for South Tyneside PCT is showing a marginal surplus for the PCT and a deficit for the CCG, again as a result of contract over performance of activity within its acute providers. Work has been on-going throughout the year to manage acute activity and deliver a breakeven position at year end.

Throughout the year the Joint Audit Committee has reviewed financial performance with regard to assurance that appropriate actions were being taken. Additionally, each of the Clinical Commissioning Groups has been engaged to enlist their contribution to identifying and implementing actions to manage contract over performance.

- Risk to delivery of achievement of Health Care Associated Infection targets

Challenging health care associated infection targets remain a risk for all providers, especially in relation to CDi (Clostridium Difficile infection) at Gateshead and South Tyneside NHS Foundation Trusts and MRSA (Methicillin-resistant Staphylococcus Aureus) for all three NHS Foundation Trusts as South Tyneside and City Hospitals Sunderland have reached or exceeded their annual target. Whilst in year detailed action plans were put in place, this remains a residual risk at handover as targets for each of the CCGs remain challenging. At handover arrangements are in place for infection control issues to be monitored through the newly established CCG Quality, Safety and Risk Committee and through CCG performance reports.

- Continuing Health Care Restitution Cases

In May 2012, the NHS Chief Executive advised PCTs of the deadlines for assessment of eligibility for continuing health care and the closedown process for retrospective review of cases between April 2004 and 31 March 2012. These changes were introduced to ensure that at the point of handover to CCGs there would be a clear deadline for historical cases requiring assessment of eligibility. The deadline for applications for the first closedown period was 30 September 2012.

Consistent with the national trend the PCT has received a significant response which has been far in excess of the anticipated numbers of applications when the process was announced. The retrospective review process, therefore, represents a significant risk both financially and operationally at the point of handover to the CCGs.

6. Overall review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the governance, and risk and controls frameworks. 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 the internal audit work. The Head of Internal Audit's Opinion on the effectiveness of internal control within the PCT was available to me during preparation of this statement and which in relation to their individual assurance opinions confirmed 'significant assurance' for each of the risk-based audit assignments.

- Directors and senior managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance.

- The Assurance Framework itself provides me with evidence that the effectiveness of the controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

My review has taken into account the guidance provided on effective corporate governance contained in the Financial reporting Council's UK Corporate Governance Code (2010), the Code of Good Practice published by HM Treasury (2011) and that of the National Leadership Council, 'The Healthy NHS Board: Principles for Good Governance'(2010). In particular, the effectiveness of the PCT Cluster Board's governance framework and arrangements using the guidance has been reviewed by all Directors, and having reviewed the results of the assessment I consider that the organisation complies with the principles contained within the guidance.

My review is also informed by work undertaken by internal and external audit in accordance with their agreed audit plans, the core standards self assessment declaration and the regular reports on performance presented to the PCT Cluster Board and its appropriate sub-committees.

The risk management structure facilitates the effective management of risk. Regular review and reporting is through the Joint Risk and Governance Committee to the PCT Cluster Board as well as to the Joint Audit Committee. The outcomes of internal audit reviews have been considered throughout the year through regular reports to the Joint Audit Committee. The PCT Cluster Board receives and considers the minutes of the Joint Audit Committee and the Joint Risk and Governance Committee. Significant issues are raised in the reports placed on the PCT Cluster Board's agenda for more detailed discussion.

The PCT's approach to risk management, and in particular through the Top Risks Report, has enabled the PCT to identify and share with successor receiver organisations the residual risks which will remain following the handover and closedown of the PCT.

The PCT Cluster Board and its committees have a key role to play in maintaining and reviewing the effectiveness of the system of internal control. I have been advised on the implications of my review on the effectiveness of the system of internal control by the PCT Cluster Board, the Joint Audit Committee and the Joint Risk and Governance Committee.

In conclusion, my review confirms that the PCT has had a generally sound system of internal controls in place that supported the achievement of its policies, aims and objectives.

John Lawlor
Signing Officer
June 2013

Glossary of Terms and Abbreviations

Accruals	An accounting concept. In addition to payments and receipts of cash, adjustment is made for outstanding payments, debts to be collected and inventories. This means that the accounts show all of the income and expenditure that related to the financial year.
Administration (Running Costs)	Any costs that are not a direct payment for the provision of healthcare or healthcare related services
APMS	Alternative Personal Medical Services
Assets	An item that has a value in the future. For example, a receivable (someone who owes money) is an asset, as they will in future pay. A building is an asset, because it houses activity that will provide a future income stream.
Audit	The process of validation of the accuracy, completeness and adequacy of disclosure of financial records.
Capital	Land, buildings, equipment and other non-current assets owned by the Trust, the cost of which exceeds £5,000 and has an expected life of more than one year.
Cash limit	A limit set by the Department of Health which restricts the amount of cash drawings that the Trust can make in the financial year. There is a combined cash limit for both revenue and capital.
Commissioning	Purchase of healthcare from external service provides (NHS, other public sector, private and voluntary) to meet the needs of the population.
Current assets	Receivables, inventories, cash or similar, whose value is, or can be converted into, cash within the next twelve months.
GDS	General Dental Services
GMS	General Medical Services
Governance	Governance is the system by which organisations are directed and controlled. It is concerned with how the organisation is run, how it is structured and how it is led. Corporate governance should underpin all that an organisation does. In the NHS, this means it must encompass clinical, financial and organisational aspects.
GP	General Practitioner
Gross operating costs	This is the total revenue expenditure, including accruals and provisions, incurred in the course of performing all aspects of the Trust's functions during the year.
Intangible assets	Brand value or some other right (for example, a software licence), which although invisible is likely to derive financial benefit for its owner in the future, and for which you might be willing to pay.
MEA	Modern Equivalent Asset Value. This is the methodology used by the District Valuer in the course of valuing property assets.
Miscellaneous income	Income that relates directly to the operating activities of the Trust. This excludes cash voted by Parliament and drawn down by the Trust from the Department of Health, which is credited to the general fund.
Non-current assets	Land, buildings, equipment and other long term assets that are expected to have a life of more than one year.
Payment by results (PBR)	A financial framework in which providers are paid according to the level of activity undertaken. Payment is based on a national tariff.
PDS	Personal Dental Services
PMS	Personal Medical Services
Primary care trust	Primary care organisations that provide and manage services delivered within the primary and community care sector, as well as commission acute and other services for its population.
Programme	Any costs that relate to the provision of healthcare or healthcare related services
Property Plant & Equipment	A sub-classification of non-current assets, which include land, buildings, equipment and fixtures and fittings.
QOF	Quality and Outcomes Framework. A points based framework which rewards GPs for achieving certain pre-set outcomes.
Resource limit	Expenditure limits are determined for each NHS organisation by the Department of Health for both revenue and capital, which limit the amount that may be expended on revenue purchases, as assessed on an accruals basis (that is, after adjusting for debtors and creditors).
Revenue	Ongoing or recurring running costs or funding for the general provision of services.
Running Costs (Administration)	Any costs that are not a direct payment for the provision of healthcare or healthcare related services

FOREWORD TO THE ACCOUNTS

GATESHEAD PRIMARY CARE TRUST

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

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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	**5,251**	4,632
Other costs	5	**416,691**	408,762
Income	4	**(16,457)**	(17,545)
Net operating costs before interest		**405,485**	395,849
Investment income	9	**0**	0
Other (Gains)/Losses	10	**(143)**	18
Finance costs	11	**110**	111
Net operating costs for the financial year		**405,452**	395,978
Transfers by absorption -(gains)		**0**	
Transfers by absorption - losses		**0**	
Net (gain)/loss on transfers by absorption		**0**	
Net Operating Costs for the Financial Year including absorption transfers		**405,452**	395,978
Of which:			
Administration Costs			
Gross employee benefits	7	**566**	46
Other costs	5	**8,118**	7,082
Income	4	**(855)**	0
Net administration costs before interest		**7,829**	7,128
Investment income	9	**0**	0
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**0**	0
Net administration costs for the financial year		**7,829**	7,128
Programme Expenditure			
Gross employee benefits	7	**4,685**	4,586
Other costs	5	**408,573**	401,680
Income	4	**(15,602)**	(17,545)
Net programme expenditure before interest		**397,656**	388,721
Investment income	9	**0**	0
Other (Gains)/Losses	10	**(143)**	18
Finance costs	11	**110**	111
Net programme expenditure for the financial year		**397,623**	388,850

Other Comprehensive Net Expenditure	2012-13 £000	2011-12 £000
Impairments and reversals put to the Revaluation Reserve	**396**	133
Net (gain) on revaluation of property, plant & equipment	**(36)**	(237)
Total comprehensive net expenditure for the year	**405,812**	395,874

The notes on pages 5 to 39 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	**24,420**	21,734
Intangible assets	13	**0**	0
investment property	15	**0**	0
Other financial assets	21	**0**	0
Trade and other receivables	19	**0**	0
Total non-current assets		**24,420**	21,734
Current assets:			
Inventories	18	**0**	0
Trade and other receivables	19	**6,200**	4,960
Other financial assets	36	**0**	0
Other current assets	22	**0**	0
Cash and cash equivalents	23	**280**	5
Total current assets		**6,480**	4,965
Non-current assets held for sale	24	**100**	95
Total current assets		**6,580**	5,060
Total assets		**31,000**	26,794
Current liabilities			
Trade and other payables	25	**(16,798)**	(15,827)
Other liabilities	26,28	**0**	0
Provisions	32	**(1,905)**	(610)
Borrowings	27	**(3)**	(3)
Other financial liabilities	36.2	**0**	0
Total current liabilities		**(18,706)**	(16,440)
Non-current assets plus/less net current assets/liabilities		**12,294**	10,354
Non-current liabilities			
Trade and other payables	25	0	0
Other Liabilities	28	0	0
Provisions	32	(1,515)	(1,638)
Borrowings	27	(1,308)	(1,310)
Other financial liabilities	36.2	0	0
Total non-current liabilities		**(2,823)**	(2,948)
Total Assets Employed:		**9,471**	7,406
Financed by taxpayers' equity:			
General fund		7,096	4,459
Revaluation reserve		2,375	2,947
Other reserves		0	0
Total taxpayers' equity:		**9,471**	7,406

The notes on pages 5 to 39 form part of this account.

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

Designated Signing Officer: Date: 5th June 2013

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

	General fund	Revaluation reserve	Total reserves
	£000	£000	£000
Balance at 1 April 2012	**4,459**	**2,947**	**7,406**
Changes in taxpayers' equity for 2012-13			
Net operating cost for the year	(405,452)		**(405,452)**
Net gain on revaluation of property, plant, equipment		36	**36**
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		(396)	**(396)**
Movements in other reserves			**0**
Transfers between reserves*	212	(212)	**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**
Net actuarial gain/(loss) on pensions			**0**
Total recognised income and expense for 2012-13	**(405,240)**	**(572)**	**(405,812)**
Net Parliamentary funding	407,877		**407,877**
Balance at 31 March 2013	**7,096**	**2,375**	**9,471**
Balance at 1 April 2011	**2,993**	**2,893**	**5,886**
Changes in taxpayers' equity for 2011-12			
Net operating cost for the year	(395,978)		(395,978)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment		237	237
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		(133)	(133)
Movements in other reserves			0
Transfers between reserves*	50	(50)	0
Release of Reserves to Statement of Comprehensive Net Expenditure		0	0
Reclassification Adjustments			
Transfers to/(from) Other Bodies within the Resource Account Boundary	630	0	630
On disposal of available for sale financial assets	0	0	0
Net actuarial gain/(loss) on pensions	0		0
Total recognised income and expense for 2011-12	(395,298)	54	(395,244)
Net Parliamentary funding	396,764		396,764
Balance at 31 March 2012	**4,459**	**2,947**	**7,406**

Statement of cash flows for the year ended 31 March 2013

	NOTE	2012-13 £000	2011-12 £000
Cash Flows from Operating Activities			
Net Operating Cost Before Interest		**(405,485)**	(395,849)
Depreciation and Amortisation		**1,019**	1,165
Impairments and Reversals		**339**	134
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		**(100)**	(100)
Release of PFI/deferred credit		**0**	0
(Increase)/Decrease in Inventories		**0**	0
(Increase)/Decrease in Trade and Other Receivables		**(1,240)**	1,039
(Increase)/Decrease in Other Current Assets		**0**	0
Increase/(Decrease) in Trade and Other Payables		**883**	(2,630)
(Increase)/Decrease in Other Current Liabilities		**0**	0
Provisions Utilised		**(1,614)**	(175)
Increase/(Decrease) in Provisions		**2,776**	421
Net Cash Inflow/(Outflow) from Operating Activities		**(403,422)**	(395,995)
Cash flows from investing activities			
Interest Received		**0**	0
(Payments) for Property, Plant and Equipment		**(4,488)**	(1,428)
(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)		**310**	21
Proceeds of disposal of assets held for sale (Intangible)		**0**	0
Proceeds from Disposal of Other Financial Assets		**0**	0
Proceeds from the disposal of Financial Assets (LIFT)		**0**	0
Loans Made in Respect of LIFT		**0**	0
Loans Repaid in Respect of LIFT		**0**	0
Rental Revenue		**0**	0
Net Cash Inflow/(Outflow) from Investing Activities		**(4,178)**	(1,407)
Net cash inflow/(outflow) before financing		**(407,600)**	(397,402)
Cash flows from financing activities			
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		**(2)**	(2)
Net Parliamentary Funding		**407,877**	396,764
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**	630
Net Cash Inflow/(Outflow) from Financing Activities		**407,875**	397,392
Net increase/(decrease) in cash and cash equivalents		**275**	(10)
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		**5**	15
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		**280**	5

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.

Under the provisions of ***The Health and Social Care Act 2012 (Commencement No.4 Transitional, Savings and Transitory Provisions) Order 2013,*** Gateshead PCT was dissolved on 1st April 2013. The PCT's functions,assets and liabilities transferred to other publics sector entities as outlined in Note 42.2 ***Events after the Reporting Period.*** Where reconfigurations of this nature take place within the public sector,Goverment accounting requires that the activities concerned are to be considered as continuing operations, and so the closing entity prrpares accounts on a "going concern" basis.

The SORP has therefore been drawn up at the 31st March 2013 on the same basis as would be a continuing entity. In particular,whilt the PCT has sought to revalue Land and Buildings, there has been no other general revaluation of assets and liablilities,and no disclosures have been made under IFRS 5 ***Non-current Assets Held for Sale and Discontinued Operation***.

1.1 Accounting Conventions

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

Transforming Community Services (TCS) transactions

Under the TCS initiative, services historically provided by PCTs have transferred to other providers - notably NHS Trusts and NHS Foundation Trusts. Such transfers fall to be accounted for by use of ***absorption accounting in line with the Treasury FReM. The FReM does not require retrospective adoption, so prior year transactions (which have been accounted for under merger accounting) have not been restated. Absorption accounting requires that entities account for their transactions in the period in which they took place, with no restatement of performance required when functions transfer within the public sector. Where assets and liabilities transfer, the gain or loss resulting is recognised in the SOCNE, and is disclosed separately from operating costs.***

Acquisitions and Discontinued Operations

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

Critical accounting judgements and key sources of estimation uncertainty

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

Critical judgements in applying accounting policies

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

Assets in the course of construction have been assessed and included within the financial statements at the estimated proportion of MEA value to date. The balance of payments has been recognised as expenditure immediately.

The PCT has made a provision for all debts which are over three month old and still outstanding at that date.

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

For the past two years due to the current national economic climate there has been substantial volatility in asset valuations. This continues to be an uncertain area and values could continue to change within the short to medium term. To ensure that values recorded within the financial statements are as accurate as possible the PCT sought revised March 2013 valuations from the District Valuer.

Other key sources of estimation are in relation to Primary Care expenditure and more detail in respect of estimation techniques assumptions made and amounts recorded are reported within note 5.2 on page 19 of these accounts.

1. Accounting policies (continued)

1.2 Revenue and Funding

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

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

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

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

1. 3 Expenditure

Expenditure is accounted for using the accruals convention.

1.4 Pooled budgets

The PCT hosted, throughout the year, a pooled budget arrangement between the PCT, Gateshead Health NHS Foundation Trust, South Tyneside NHS Foundation Trust and Gateshead Council for the provision of an Integrated

The expenditure during the year contributed to the objectives of creating a single pooled budget to support the integrated service delivery and improving standards of service. The Primary Care Trust accounts for its share of the income and expenditure of the pool as determined by the pooled budget agreement.

The PCT has a pooled budget arrangement with Gateshead Local Authority for S75 of the National Health Service Act 2005 for activities in Learning Disabilities. The Primary Care Trust accounts for its share of the income and expenditure of the pool as determined by the pooled budget agreement.

The PCT acts as host organisation for a Drug Action Team pooled budget with the Local Authority. The main aim of the pooled budget is to bring Drug Awareness and Prevention to the population who live within the boundaries of Gateshead Primary Care Trust. It is funded through centrally allocated Department of Health resources.

1.5 Taxation

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

1.6 Administration and Programme Costs

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

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

1. Accounting policies (continued)

1.7 Property, Plant & Equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

Valuation

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

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

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

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

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost excludes items considered not to have intrinsic value under the MEA methodology i.e. demolitions, some professional fees, which are recognised as expenses immediately. Assets are revalued and depreciation commences when they are brought into use.

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

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

Subsequent expenditure

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

1. Accounting policies (continued)

1.8 Intangible Assets

Recognition

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

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

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

Measurement

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

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

1.9 Depreciation, amortisation and impairments

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

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

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

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

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

1. Accounting policies (continued)

1.10 Donated assets

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.

Gateshead PCT did not hold donated assets at 31 March 2013 so this change in accounting policy does not affect these set of accounts.

1.11 Government grants

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

1.12 Non-current assets held for sale

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

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

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

1.13 Inventories

As inventories that the PCT uses are consumables of low value and high turnover the PCT has not accounted for any inventories at 31 March 2013, nor did it at 31 March 2012.

1.14 Cash and cash equivalents

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

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

1.15 Losses and Special Payments

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

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

1.16 Clinical Negligence Costs

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

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

1. Accounting policies (continued)

1.17 Employee benefits

Short-term employee benefits

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

Retirement benefit costs

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

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

1.18 Research and Development

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

1.19 Other expenses

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

1.20 Grant making

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

1.21 EU Emissions Trading Scheme

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

The PCT do not have any EU Emissions Trading scheme allowances as at 31st March 2013 nor did it have any at 31st March 2012 and therefore this policy does not impact on this set of accounts.

1. Accounting policies (continued)

1.22 Contingencies

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

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

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

1.23 Leases

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

The PCT as lessee

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

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

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

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

The PCT as lessor

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

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

1.24 Foreign exchange

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

1.25 Provisions

Provisions are recognised when the PCT has a present legal or constructive obligation as a result of a past event, it is probable that the PCT will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of 2.2% (2.35% in respect of early staff departures) in real terms.

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

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

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

1. Accounting policies (continued)

1.26 Financial Instruments

Financial assets

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

Financial assets are initially recognised at fair value.

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

During the year the PCT held no financial assets classified as being at fair value through profit and loss, no investments held until maturity nor any financial assets available for sale. The only financial assets held were loans

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 PCT does not have any transactions falling within the scope of this guidance.

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.

There were no financial assets carried at amortised cost during the year.

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

The PCT held no financial liabilities at fair value through profit and loss at any time during the year, all being classified as "other" financial liabilities.

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

1.27 Private Finance Initiative (PFI) and NHS LIFT transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes (including NHS LIFT) where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The PCT therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses. The PCT does not have any transactions falling within the scope of this guidance.

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

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

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

1. Accounting policies (continued)

1.29 Accounting standards issued that have been adopted early

The PCT adopted no Accounting Standards early.

1.30 Integrated Management Structure

Gateshead PCT, South Tyneside PCT and Sunderland TPCT operate their corporate functions through a shared management structure. This is achieved through an integrated management arrangement which was agreed by the respective boards early in 2007. The costs of the management structure are shared on a proportionate share of population which for 2012/13 resulted in Gateshead PCT being charged 31.11%, Sunderland TPCT 44.59% and South Tyneside PCT 24.30%. This excludes the costs of Estate Maintenance which is shared out on a proportionate share between PCT's based on floor areas of the individual PCT buildings.

2 Operating segments

The PCT only has one operating segment that it recognises for purposes of recording the financial position of the PCT in its annual accounts. This relates to the purchase of healthcare from external service providers to meet the health needs of the population of Gateshead and therefore the results included in this year's annual accounts are not split down into operating segments.

However it should be noted that total expenditure with Gateshead Health NHS Foundation Trust amounted to £126,666k in 2012-13 (£130,125k 2011-12)

3. Financial Performance Targets

3.1 Revenue Resource Limit

	2012-13	2011-12
	£000	£000
The PCTs' performance for the year ended 2012-13 is as follows:		
Total Net Operating Cost for the Financial Year		395,978
Net operating cost plus (gain)/loss on transfers by absorption	**405,452**	
Revenue Resource Limit	**405,849**	396,013
Under/(Over)spend Against Revenue Resource Limit (RRL)	**397**	35

3.2 Capital Resource Limit

The PCT is required to keep within its Capital Resource Limit.

	2012-13	2011-12
	£000	£000
Capital Resource Limit	**4,753**	1,222
Charge to Capital Resource Limit	**4,409**	1,208
(Over)/Underspend Against CRL	**344**	14

3.3 Under/(Over)spend against cash limit

	2012-13	2011-12
	£000	£000
Total Charge to Cash Limit	**407,877**	396,764
Cash Limit	**409,977**	396,764
Under/(Over)spend Against Cash Limit	**2,100**	0

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

	2012-13
	£000
Total cash received from DH (Gross)	356,800
Plus: cost of Dentistry Schemes (central charge to cash limits)	8,682
Plus: drugs reimbursement (central charge to cash limits)	42,395
Parliamentary funding credited to General Fund	**407,877**

4 Miscellaneous Revenue

	2012-13 Total	2012-13 Admin	2012-13 Programme	2011-12
	£000	£000	£000	£000
Fees and Charges	**173**	0	173	135
Dental Charge income from Contractor-Led GDS & PDS	**2,719**		2,719	2,698
Prescription Charge income	**2,415**		2,415	2,348
Strategic Health Authorities	**81**	0	81	57
NHS Foundation Trusts	**2,581**	0	2,581	2,666
Primary Care Trusts - Other	**4,415**	792	3,623	6,333
Recoveries in respect of employee benefits	**61**	61	0	0
Local Authorities	**1,291**	2	1,289	1,258
Education, Training and Research	**1,727**	0	1,727	517
Other Non-NHS Patient Care Services	**53**	0	53	203
Charitable and Other Contributions to Expenditure	**20**		20	152
Rental revenue from operating leases	**705**	0	705	560
Other revenue	**216**	0	216	618
Total miscellaneous revenue	**16,457**	**855**	**15,602**	17,545

Other Income

Included in 'Other Income' of £216k is £186k relating to revenue from the Home Office for Drug Intervention schemes and £30k relating to other various small schemes.

Analysis of main movements

During 2012/13 there was a reclassification of madel income of £1.3m from income from PCT's to training and education.

Estimation Techniques

Dental (Patient Charge Revenues)

This recognises that there is a time lag in the system re late submission of FP17's. An accrual is calculated based upon a 'Time Lag Report' which is produced by BSA Dental Services.

Prescription Charge income

This recognises that there is a 3 month time-lag in the system. An accrual is calculated based upon information received from the BSA Pharmacy Services.

5. Operating Costs

5.1 Analysis of operating costs:

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 Total £000
Goods and Services from Other PCTs				
Healthcare	**29,935**		29,935	23,946
Non-Healthcare	**6,826**	6,482	344	5,293
Total	**36,761**	**6,482**	**30,279**	29,239
Goods and Services from Other NHS Bodies other than FTs				
Goods and services from NHS Trusts	**408**	0	408	4,828
Goods and services (other, excl Trusts, FT and PCT))	**105**	0	105	790
Total	**513**	**0**	**513**	5,618
Goods and Services from Foundation Trusts	**237,994**	51	237,943	238,594
Purchase of Healthcare from Non-NHS bodies	**38,098**		38,098	33,074
Expenditure on Drugs Action Teams	**2,424**		2,424	2,048
Non-GMS Services from GPs	**362**	362	0	2
Contractor Led GDS & PDS (excluding employee benefits)	**12,629**		12,629	11,307
Chair, Non-executive Directors & PEC remuneration	**54**	54	0	57
Consultancy Services	**641**	0	641	606
Prescribing Costs	**34,157**		34,157	36,130
G/PMS, APMS and PCTMS (excluding employee benefits)	**30,880**	0	30,880	30,957
Pharmaceutical Services	**0**		0	51
Local Pharmaceutical Services Pilots	**45**		45	85
New Pharmacy Contract	**11,463**		11,463	10,816
General Ophthalmic Services	**2,185**		2,185	2,272
Supplies and Services - Clinical	**220**	0	220	666
Supplies and Services - General	**100**	0	100	93
Establishment	**344**	0	344	342
Transport	**27**	0	27	7
Premises	**3,830**	659	3,171	3,241
Impairments & Reversals of Property, plant and equipment	**268**	0	268	(32)
Impairments and Reversals of non-current assets held for sale	**71**	0	71	166
Depreciation	**1,019**	296	723	1,165
Impairment of Receivables	**719**	0	719	177
Audit Fees	**90**	90	0	138
Other Auditors Remuneration	**26**	26	0	31
Education and Training	**190**	1	189	343
Other	**1,581**	97	1,484	1,569
Total Operating costs charged to Statement of Comprehensive Net Expenditure	**416,691**	**8,118**	**408,573**	408,762
Employee Benefits (excluding capitalised costs)				
PCT Officer Board Members	**116**	116	0	46
Other Employee Benefits	**5,135**	450	4,685	4,586
Total Employee Benefits charged to SOCNE	**5,251**	**566**	**4,685**	4,632
Total Operating Costs	**421,942**	**8,684**	**413,258**	413,394

	Total	Commissioning Services	Public Health
PCT Running Costs 2012-13			
Running costs (£000s)	**7,940**	6,945	995
Weighted population (number in units)*	**229,733**	229,733	229,733
Running costs per head of population (£ per head)	**35**	**30**	**4**
PCT Running Costs 2011-12			
Running costs (£000s)	**7,248**	6,537	711
Weighted population (number in units)	**229,733**	229,733	229,733
Running costs per head of population (£ per head)	**32**	**28**	**3**

2012 -13 PCT running costs include costs of redundancy and early retirements in relation to the Health and Social Care Act 2012 .This has therefore resulted in an increase in respect of running costs.

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

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

5. Operating Costs

5.1 Analysis of operating costs (Continued)

Healthcare from NHS Bodies

During 2012/13 there have been a number of changes that have taken place that have led to changes in expenditure classifications between the 2 years, the main reasons being as follows:-

- During 2012/13 there has been a transfer of specialised services contracts from FT's to PCT's for approximately £7.2m.

- The full year effect of NEAS being a Foundation Trust has seen a reduction in NHS Trust expenditure of approximately £4.2m.

-Foundation Trust expenditure has now increased as a result of the NEAS transfer indicated above, the impact of inflation and general growth expenditure and a reduction as a result of the transfer of contracts to PCT expenditure.

Non Healthcare PCT Expenditure

There has been an increase between the two years as a result of the PCT being recharged its share of the corporate redundancy costs coupled with the impact of transitional costs.

Other Expenditure

The main components in this heading are the costs of GP training £1,214k, prescribing incentive £176k and CNST contributions £97k.

5.2 Analysis of operating expenditure by expenditure classification	2012-13 £000	2011-12 £000
Purchase of Primary Health Care		
GMS / PMS/ APMS / PCTMS	30,880	30,957
Prescribing costs	34,157	36,130
Contractor led GDS & PDS	12,629	11,307
General Ophthalmic Services	2,185	2,272
Pharmaceutical services	0	51
Local Pharmaceutical Services Pilots	45	85
New Pharmacy Contract	11,463	10,816
Non-GMS Services from GPs	0	2
Other	1,398	1,170
Total Primary Healthcare purchased	**92,757**	92,790
Purchase of Secondary Healthcare		
Learning Difficulties	11,833	13,607
Mental Illness	42,118	43,439
Maternity	6,973	6,974
General and Acute	181,262	178,366
Accident and emergency	8,530	8,827
Community Health Services	29,211	28,891
Other Contractual	26,465	20,453
Total Secondary Healthcare Purchased	**306,392**	300,557
Total Healthcare Purchased by PCT	**399,149**	393,347
Healthcare from NHS FTs included above	237,943	228,976

(1) GP Prescribing

Accrual for January February and March 2013 expenditure based on Forecast Outturn figure produced by NHS Business Authority.

(2)Pharmacy Payments

Accrual for January, February and March 2013 based upon extrapolation of monthly spend as shown on reports produced by the NHS Business Authority

(3) GMS/PMS

- QOF Achievement

For accrual purposes it is assumed that all practices will achieve maximum outcomes. Further information regarding QOF can be found at the DH website

6. Operating Leases

The PCT has a large number of leases, licences and service level agreements of varying terms with 3rd party landlords, including Local Authorities and NHS bodies.

Significant leases and their features are:

Property	Contingent Rent Determination	Purchase Options	Escalation Clauses	Terms of Renewal	Restrictions imposed by lease
Team View	Not Applicable	None	None	Landlord & Tenant Act Part 2 Protection of renewal rights at term	Subletting and assignment subject to landlords consent
Queens Park	Not Applicable	None	None	Landlord & Tenant Act Part 2 Protection of renewal rights at term	Subletting and assignment subject to landlords consent

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				**1,955**	1,975
Contingent rents				**0**	0
Sub-lease payments				**0**	0
Total				**1,955**	1,975
Payable:					
No later than one year	**0**	**713**	**35**	**748**	849
Between one and five years	**0**	**405**	**19**	**423**	846
After five years	**0**	**691**	**0**	**691**	780
Total	**0**	**1,809**	**54**	**1,863**	2,475
Total future sublease payments expected to be received				**0**	0

Gateshead PCT has entered into certain financial arrangements involving the use of GP premises. Under:

IAS 17 Leases
SIC 27 Evaluating the substance of transactions involving the legal form of a lease
IFRIC 4 Determining whether an arrangement contains a lease.

The PCT has determined that those operating leases must be recognised, but, as there is no defined term in the arrangement(s) entered into, it is not possible to analyse the arrangement(s) over financial years. The amount included in the above note in respect of GP Premises is £1,198k (£1,108k 2011-12)

6.2 PCT as lessor

The PCT has a range of tenancies for primary care contractors. Most are historic implied business tenancies rolled over from historic arrangements. Other leases of varying terms are in place. The PCT is in the process of negotiating new leases to replace those occupancies with implied tenancies.

	2012-13 £000	2011-12 £000
Recognised as income		
Rental Revenue	**705**	560
Contingent rents	**0**	0
Total	**705**	560
Receivable:		
No later than one year	**641**	560
Between one and five years	**864**	785
After five years	**2,867**	2,822
Total	**4,372**	4,167

7. Employee benefits and staff numbers

7.1 Employee benefits

	2012-13								
				Permanently employed					
	Total	Total Admin	Programme	Total	Admin	Programme	Total	Other Admin	Programme
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Employee Benefits - Gross Expenditure									
Salaries and wages	**4,547**	467	4,080	**4,532**	467	4,065	**15**	0	15
Social security costs	**265**	27	238	**265**	27	238	**0**	0	0
Employer Contributions to NHS BSA - Pensions Division	**405**	42	363	**405**	42	363	**0**	0	0
Other post-employment benefits	**4**	0	4	**4**	0	4	**0**	0	0
Termination Benefits	**30**	30	0	**30**	30	0	**0**	0	0
Total employee benefits	**5,251**	**566**	**4,685**	**5,236**	**566**	**4,670**	**15**	**0**	**15**
Less recoveries in respect of employee benefits (table below)	**(61)**	(61)	0	**(61)**	**(61)**	**0**	**0**	**0**	**0**
Total - Net Employee Benefits including capitalised costs	**5,190**	**505**	**4,685**	**5,175**	**505**	**4,670**	**15**	**0**	**15**
Employee costs capitalised	**0**	0	0	**0**	0	0	**0**	0	0
Gross Employee Benefits excluding capitalised costs	**5,251**	**566**	**4,685**	**5,236**	**566**	**4,670**	**15**	**0**	**15**

	2012-13								
				Permanently employed					
	Total	Total Admin	Programme	Total	Admin	Programme	Total	Other Admin	Programme
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Employee Benefits - Revenue									
Salaries and wages	**61**	61	0	**61**	61	0	**0**	0	0
TOTAL excluding capitalised costs	**61**	**61**	**0**	**61**	**61**	**0**	**0**	**0**	**0**

Employee Benefits - Prior- year

	Total	Permanently employed	Other
	£000	£000	£000
Employee Benefits Gross Expenditure 2011-12			
Salaries and wages	**4,054**	4,046	8
Social security costs	**226**	226	0
Employer Contributions to NHS BSA - Pensions Division	**352**	352	0
Total gross employee benefits	**4,632**	**4,624**	**8**
Less recoveries in respect of employee benefits	**0**	0	0
Total - Net Employee Benefits including capitalised costs	**4,632**	**4,624**	**8**
Employee costs capitalised	**0**	0	0
Gross Employee Benefits excluding capitalised costs	**4,632**	**4,624**	**8**

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	**2**	**2**	**0**	2	2	0
Administration and estates	**61**	**60**	**1**	68	68	0
Healthcare assistants and other support staff	**138**	**137**	**1**	120	120	0
TOTAL	**201**	**199**	**2**	190	190	0
Of the above - staff engaged on capital projects	**0**	**0**	**0**	0	0	0

7.3 Staff Sickness absence and ill health retirements

	2012-13 Number	2011-12 Number
Total Days Lost	**2,146**	2,811
Total Staff Years	**195**	174
Average working Days Lost	**11.01**	16.20

Awaiting figures from Department of Health

The PCT does not have any ill health retirements in 2012/13 nor did it have any in 2011/12.

7.4 Exit Packages agreed during 2012-13

Exit package cost band (including any special payment element)	*Number of compulsory redundancies Number	*Number of other departures agreed Number	Total number of exit packages by cost band Number	*Number of compulsory redundancies Number	*Number of other departures agreed Number	Total number of exit packages by cost band Number
£25,001-£50,000	**1**	**0**	**1**	0	0	**0**
Total number of exit packages by type (total cost	**1**	**0**	**1**	**0**	**0**	**0**
	£	**£**	**£**	**£**	**£**	**£**
Total resource cost	**29,700**	**0**	**29,700**	0	0	0

This note provides an analysis of Exit Packages agreed during the year. Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme. Where the PCT has agreed early retirements, the additional costs are met by the PCT and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

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

In addition to the above direct costs the exit costs of NHS South of Tyne and Wear corporate services are recorded in Sunderland TPCT 2012/13 accounts and amounted to £1,657k. Gateshead PCT share of these costs is £525k which are recorded as Goods and Services from PCTs within note 5.1 in these accounts.

7.5 Pension costs

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

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

a) Accounting valuation

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

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

b) Full actuarial (funding) valuation

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

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

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

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

c) Scheme provisions

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

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

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

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

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

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

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

8. Better Payment Practice Code

8.1 Measure of compliance

	2012-13 Number	2012-13 £000	2011-12 Number	2011-12 £000
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**4,109**	**44,369**	3,622	38,048
Total Non-NHS Trade Invoices Paid Within Target	**3,966**	**44,132**	3,514	37,853
Percentage of NHS Trade Invoices Paid Within Target	**96.52%**	**99.46%**	97.02%	99.49%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**2,146**	**276,190**	2,218	277,069
Total NHS Trade Invoices Paid Within Target	**2,081**	**274,911**	2,168	276,574
Percentage of NHS Trade Invoices Paid Within Target	**96.97%**	**99.54%**	97.75%	99.82%

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

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

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

9. Investment Income

The PCT has not received any Investment income in 2012-13, nor did it have any in 2011-12.

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**	(18)
Gain (Loss) on disposal of assets held for sale	**143**	**0**	**143**	0
Total	**143**	**0**	**143**	(18)

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	**100**	**0**	**100**	100
Total interest expense	**100**	**0**	**100**	**100**
Provisions - unwinding of discount	**10**		**10**	11
Total	**110**	**0**	**110**	**111**

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	**3,319**	**16,843**	**0**	**291**	**1,042**	**269**	**2,513**	**0**	**24,277**
Additions of Assets Under Construction				1,395					**1,395**
Additions Purchased	0	203	0		40	104	165	2,669	**3,181**
Reclassifications as Held for Sale	(65)	(178)	0	0	0	0	0	0	**(243)**
Disposals other than for sale	0	0	0	0	0	0	(770)	0	**(770)**
Upward revaluation/positive indexation	0	36	0	0	0	0	0	0	**36**
Impairments/negative indexation	0	(396)	0	0	0	0	0	0	**(396)**
At 31 March 2013	**3,254**	**16,508**	**0**	**1,686**	**1,082**	**373**	**1,908**	**2,669**	**27,480**
Depreciation									
At 1 April 2012	**0**	**18**	**0**	**0**	**440**	**133**	**1,952**	**0**	**2,543**
Disposals other than for sale	0	0	0		0	0	(770)	0	**(770)**
Impairments	0	268	0	0	0	0	0	0	**268**
Charged During the Year	0	463	0		211	49	296	0	**1,019**
At 31 March 2013	**0**	**749**	**0**	**0**	**651**	**182**	**1,478**	**0**	**3,060**
Net Book Value at 31 March 2013	**3,254**	**15,759**	**0**	**1,686**	**431**	**191**	**430**	**2,669**	**24,420**
Purchased	3,254	15,759	0	1,686	431	191	430	2,669	**24,420**
Total at 31 March 2013	**3,254**	**15,759**	**0**	**1,686**	**431**	**191**	**430**	**2,669**	**24,420**
Asset financing:									
Owned	3,254	14,584	0	1,686	431	191	430	2,669	**23,245**
Held on finance lease	0	1,175	0	0	0	0	0	0	**1,175**
Total at 31 March 2013	**3,254**	**15,759**	**0**	**1,686**	**431**	**191**	**430**	**2,669**	**24,420**

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	**1,517**	**1,350**	**0**	**0**	**0**	**0**	**0**	**0**	**2,867**
Movements *	(29)	(480)	0	0	0	0	0	0	**(509)**
At 31 March 2013	**1,488**	**870**	**0**	**0**	**0**	**0**	**0**	**0**	**2,358**

* The District Valuer valuations as at 31st March 2013 resulted in a decrease in asset valuations of £664k (see Note 14) of which £396k was netted off against previous revaluations as held in the Revaluation Reserve. In addition there was a small increase in value of £36k for a few assets which has been transferred to the Revaluation Reserve

Both Bensham Clinic and Winlaton Clinic were reclassified as Held for Sale in year, which resulted in transfers out of the Property, Pland & Equipment Revaluation Reserve of Land and Buildings (£29k and £67k respectively).
All other movements relate to excess depreciation transferred back to the General Fund.

Additions to Assets Under Construction in 2012-13

	£000
Land	**0**
Buildings excl Dwellings	**1,395**
Dwellings	**0**
Plant & Machinery	**0**
Balance as at YTD	**1,395**

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	**3,414**	**15,786**	**0**	**948**	**1,179**	**288**	**2,234**	**114**	**23,963**
Additions - purchased	0	86	0	650	113	24	375	0	**1,248**
Reclassifications	0	1,434	0	(1,307)	(127)	0	0	0	**0**
Reclassified as held for sale	(95)	(166)	0	0	0	0	0	0	**(261)**
Disposals other than by sale	0	0	0	0	(123)	(43)	(95)	(114)	**(375)**
Revaluation & indexation gains	0	238	0	0	0	0	0	0	**238**
Impairments	0	(243)	0	0	0	0	0	0	**(243)**
Reversals of impairments	0	110	0	0	0	0	0	0	**110**
Cumulative dep netted off cost following revaluatio	0	(402)	0	0	0	0	(1)	0	**(403)**
At 31 March 2012	**3,319**	**16,843**	**0**	**291**	**1,042**	**269**	**2,513**	**0**	**24,277**
Depreciation									
At 1 April 2011	**0**	**0**	**0**		**355**	**86**	**1,682**	**25**	**2,148**
Disposals other than for sale	0	0	0		(123)	(3)	(95)	(114)	**(335)**
Impairments	0	51	0	0	0	0	0	0	**51**
Reversal of Impairments	0	(83)	0	0	0	0	0	0	**(83)**
Charged During the Year	0	452	0		208	50	366	89	**1,165**
Cumulative dep netted off cost following revaluatio	0	(402)	0	0	0	0	(1)	0	**(403)**
At 31 March 2012	**0**	**18**	**0**	**0**	**440**	**133**	**1,952**	**0**	**2,543**
Net Book Value at 31 March 2012	**3,319**	**16,825**	**0**	**291**	**602**	**136**	**561**	**0**	**21,734**
Purchased	3,319	16,825	0	291	602	136	561	0	**21,734**
At 31 March 2012	**3,319**	**16,825**	**0**	**291**	**602**	**136**	**561**	**0**	**21,734**
Asset financing:									
Owned	3,319	15,561	0	291	602	136	561	0	**20,470**
Held on finance lease	0	1,264	0	0	0	0	0	0	**1,264**
At 31 March 2012	**3,319**	**16,825**	**0**	**291**	**602**	**136**	**561**	**0**	**21,734**

12.3 Property, plant and equipment

Asset Valuations

All Land and Buildings have been revalued as at the 31st March 2013 and a full valuation exercise was completed by the District Valuer. All of these assets were valued on an MEA basis which is consistent with the method used as at 31st March 2012. In respect of those assets that were on Statement of Financial Position at the 31st March 2012 the DV calculated the current MEA valuation using a full valuation method updated to reflect current market conditions. All buildings are stated at a Depreciated Replacement Cost valuation within the accounts except for Birtley Clinic that is stated at an existing use valuation.

The PCT also reviewed all of its other Non Current Assets and concluded that all assets are stated at fair value as at 31st March 2013.

There were only minor changes to asset lives in the revaluation exercise undertaken at 31st March 2013 but nothing that needs to be disclosed separately in the body of the accounts.

The PCT has reviewed the classification of Building with respect to potential to value construction elements separately and concluded that it is sufficient to manage building assets between structure engineering and external works level. There are no individual components at a material level that require recording separately.

12.4 Economic Lives of Non Current Assets
The following table records the asset lives for each class of asset:-

Economic Lives of Non-Current Assets	**Min life Years**	**Max life Years**
Property, Plant and Equipment		
Buildings exc Dwellings	3	68
Plant & Machinery	1	4
Transport Equipment	1	5
Information Technology	1	3
Furniture and Fittings	0	10

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**	**81**	**0**	**0**	**0**	**81**
Disposals other than by sale	0	(81)	0	0	0	**(81)**
At 31 March 2013	**0**	**0**	**0**	**0**	**0**	**0**
Amortisation						
At 1 April 2012	**0**	**81**	**0**	**0**	**0**	**81**
Disposals other than by sale	0	(81)	0	0	0	**(81)**
At 31 March 2013	**0**	**0**	**0**	**0**	**0**	**0**
Net Book Value at 31 March 2013	**0**	**0**	**0**	**0**	**0**	**0**

Revaluation reserve balance for intangible non-current assets

The PCT had no balance in the revaluation reserve in respect of intangible assets as at 31 March 2013 (31 March 2012 £0).

13.2 Intangible non-current assets

2011-12	Software internally generated £000	Software purchased £000	Licences & trademarks £000	Patents £000	Development expenditure £000	Total £000
At 1 April 2011	**0**	**81**	**0**	**0**	**0**	**81**
At 31 March 2012	**0**	**81**	**0**	**0**	**0**	**81**
Amortisation						
At 1 April 2011	**0**	**81**	**0**	**0**	**0**	**81**
At 31 March 2012	**0**	**81**	**0**	**0**	**0**	**81**
Net Book Value at 31 March 2012	**0**	**0**	**0**	**0**	**0**	**0**

13.3 Intangible non-current assets - valuations

The PCT reviewed all of its intangible Non Current Assets and concluded that as the assets have been fully depreciated that it is correct that the Net Book Value as at 31 March 2013 is nil. It has also been concluded to write these out of the PCTs books as at 31st March 2013 entirely due to the cessation of PCTs at this date and their useful life is now finished.

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			
Other	0		0
Changes in market price	268		268
Total charged to Annually Managed Expenditure	**268**		**268**
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve			
Changes in market price	396		
Total impairments for PPE charged to reserves	**396**		
Total Impairments of Property, Plant and Equipment	**664**	**0**	**268**
Non-current assets held for sale - impairments and reversals charged to SoCNE.			
Other	71		71
Total charged to Annually Managed Expenditure	**71**		**71**
Total impairments of non-current assets held for sale	**71**	**0**	**71**
Total Impairments charged to Revaluation Reserve	396		
Total Impairments charged to SoCNE - DEL	0	0	0
Total Impairments charged to SoCNE - AME	339		339
Overall Total Impairments	**735**	**0**	**339**
Of which:			
Impairment on revaluation to "modern equivalent asset" basis	**0**	0	0

Due to the down turn in market conditions there was a decrease of asset valuations as at 31st March 2013 on most of the PCT building assets. These were assessed by the District Valuer and resulted in an decrease in value of £664k, of which £268k was charged to SoCNE and £396k charged to the revaluation reserve.

As a result of a District Valuer valuation when reclassified as Non-Current Assets Held for Sale, Bensham Clinic incurred an impairment of £33k and Winlaton Clinic an impairment of £39k.

15 Investment property

The PCT held no investment property at 31 March 2013, nor did it at 31 March 2012.

16 Commitments

16.1 Capital commitments

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

	31 March 2013	31 March 2012
	£000	£000
Property, plant and equipment	**0**	3,850
Intangible assets	**0**	0
Total	**0**	3,850

Although the PCT does not have any capital commitments as at 31st March 2013 because it ceases to exist after 31st March 2013 there are existing schemes which are to be completed early in 2013/14. These schemes have transferred to NHS Property Services and it will be their responsibility to complete the schemes, however, for completeness the schemes and outstanding planned expenditure are as follows:-

Gateshead Health Centre	£200K
Trinity Square	£40k

16.2 Other financial commitments

The trust has not entered into any non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements) as at 31 March 2013.

17 Intra-Government and other balances

	Current receivables £000	**Non-current receivables £000**	**Current payables £000**	**Non-current payables £000**
Balances with other Central Government Bodies	3,375	0	389	0
Balances with Local Authorities	1,218	0	526	0
Balances with NHS Trusts and Foundation Trusts	435	0	1,874	0
Balances with bodies external to government	1,172	0	14,009	0
At 31 March 2013	**6,200**	**0**	**16,798**	**0**
prior period:				
Balances with other Central Government Bodies	554	0	1,378	0
Balances with Local Authorities	940	0	177	0
Balances with NHS Trusts and Foundation Trusts	1,517	0	1,393	0
Balances with bodies external to government	1,949	0	12,879	0
At 31 March 2012	**4,960**	**0**	**15,827**	**0**

18 Inventories

The PCT held no inventories as at 31 March 2013, nor did it at 31 March 2012.

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	**3,662**	2,033	**0**	0
Non-NHS receivables - revenue	**2,037**	1,906	**0**	0
Non-NHS prepayments and accrued income	**933**	1,062	**0**	0
Provision for the impairment of receivables	**(859)**	(250)	**0**	0
VAT	**148**	38	**0**	0
Operating lease receivables	**208**	96	**0**	0
Other receivables	**71**	75	**0**	0
Total	**6,200**	4,960	**0**	0
Total current and non current	**6,200**	4,960		
Included above:				
Prepaid pensions contributions	**0**	0		

Other Receivables relate to outstanding amounts due from staff in respect of overpayment of salaries, salary advances and/or amounts due under the contract car lease scheme for private use.

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.

The majority of the remaining trade debt relates to amounts due from other Central Government bodies for which their credit worthiness is assumed as good. Other organisations with smaller debts are also assumed as good and where there is any doubt a provision has been made in the accounts.

19.2 Receivables past their due date but not impaired

	31 March 2013 £000	31 March 2012 £000
By up to three months	**1,379**	822
By three to six months	**0**	304
By more than six months	**327**	784
Total	**1,706**	1,910

The PCT does not hold any collateral against any of these debts.

19.3 Provision for impairment of receivables

	2012-13 £000	2011-12 £000
Balance at 1 April 2012	**(250)**	(99)
Amount written off during the year	**110**	26
Amount recovered during the year	**53**	13
(Increase)/decrease in receivables impaired	**(772)**	(190)
Balance at 31 March 2013	**(859)**	(250)

The PCT has made a provision for all debts which are over three month old and still outstanding at that date. Only where the PCT has an agreement with another NHS body through the Agreement of Balances exercise that the debt will be settled or the debt has actually been settled prior to submission of draft accounts has a debt over three months old not been provided for.

20 NHS LIFT investments

As at 31 March 2013, Gateshead PCT is not involved in either PFI schemes or NHS LIFT schemes.

21.1 Other financial assets - Current

As at 31 March 2013, the PCT did not have any other financial assets - current (31 March 2012 £0).

21.2 Other Financial Assets - Non Current

As at 31 March 2013, the PCT did not have any other financial assets - non-current (31 March 2012 £0).

21.3 Other Financial Assets - Capital Analysis

As at 31 March 2013, the PCT did not have any other financial assets - capital (31 March 2012 £0).

22 Other current assets

As at 31 March 2013 the PCT did not have any other current assets (31 March 2012 £0).

23 Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Opening balance	**5**	15
Net change in year	**275**	(10)
Closing balance	**280**	5
Made up of		
Cash with Government Banking Service	**274**	1
Commercial banks	**0**	0
Cash in hand	**6**	4
Current investments	**0**	0
Cash and cash equivalents as in statement of financial position	**280**	5
Bank overdraft - Government Banking Service	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in statement of cash flows	**280**	5
Patients' money held by the PCT, not included above	**0**	0

24 Non-current assets held for sale

	Land	Buildings, excl. dwellings	Dwellings	Asset Under Construction and Payments on Account	Plant and Machinery	Transport and Equipment	Information Technology	Furniture and Fittings	Intangible Assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2012	95	0	0	0	0	0	0	0	0	**95**
Plus assets classified as held for sale in the year	65	178	0	0	0	0	0	0	0	**243**
Less assets sold in the year	(120)	(47)	0	0	0	0	0	0	0	**(167)**
Less impairment of assets held for sale	0	(71)	0	0	0	0	0	0	0	**(71)**
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	**40**	**60**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**100**
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	95	166	0	0	0	0	0	0	0	**261**
Less assets sold in the year	0	0	0	0	0	0	0	0	0	**0**
Less impairment of assets held for sale	0	(166)	0	0	0	0	0	0	0	**(166)**
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	**95**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**95**
Liabilities associated with assets held for sale at 31 March 2012	0	0	0	0	0	0	0	0	0	**0**

During 2012-13, Bensham Clinic and Winlaton Clinic met the criteria for reclassification as non-current assets held for sale. Valuations were performed by the District Valuer which resulted in the following valuations - Bensham : Land at £25k and Buildings at £80k, and Winlaton : Land at £40k and Buildings at £60k. Bensham Clinic was also sold in year. IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, states that the asset must be valued at the lower of carrying amount and fair value less costs to sell, hence Winlaton Land remains on the Statement of Financial Performance at the carrying amount of £40k.

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

At 31 March 2012	80
At 31 March 2013	17

25 Trade and other payables

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Interest payable	**0**	0		
NHS payables - revenue	**2,234**	2,218	**0**	0
NHS accruals and deferred income	**0**	252	**0**	0
Family Health Services (FHS) payables	**9,991**	11,096		
Non-NHS payables - revenue	**1,031**	659	**0**	0
Non-NHS payables - capital	**207**	119	**0**	0
Non_NHS accruals and deferred income	**3,316**	1,418	**0**	0
Social security costs	**0**	2		
Tax	**2**	2		
Other	17	61	0	0
Total	**16,798**	15,827	**0**	0
Total payables (current and non-current)	**16,798**	15,827		

Other payables include £0 (2011-12: £0) in respect of payments due in future years under arrangements to buy out the liability for 0 early retirements over 5 instalments; and £x (2011-12: £x) in respect of outstanding pensions contributions at 31 March 2013 (31 March 2012: £x).

26 Other liabilities

As at 31 March 2013, the PCT did not have any Other Liabailities (31 March 2012 £0).

27 Borrowings

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Finance lease liabilities	**3**	3	**1,308**	1,310
Total	**3**	**3**	**1,308**	**1,310**
Total other liabilities (current and non-current)	**1,311**	**1,313**		

Borrowings/Loans - Payment of Principal Falling Due in:

	DH	**Other**	**Total**
	£000s	**£000s**	**£000s**
0 - 1 Years	0	3	**3**
1 - 2 Years	0	3	**3**
2 - 5 Years	0	10	**10**
Over 5 Years	0	1,295	**1,295**
TOTAL	**0**	**1,311**	**1,311**

28 Other financial liabilities

As at 31 March 2013 the PCT did not have any other financial liabilities (31 March 2012 £0).

29 Deferred income

As at 31 March 2013 the PCT did not have any deferred income (31 March 2012 £0).

30 Finance lease obligations

The following costs relate to a lease that the PCT has in respect of Whickham Health Centre over a period of 55 years which is due to this
sublease is only valid on a one year rolling contract.
Subletting and assignment is subject to landlords consent and lease renewal options are prescribed by the Landlord and Tenants Act
There are no escalation clauses or purchase options.

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	**102**	102	**3**	3
Between one and five years	**408**	408	**13**	13
After five years	**4,518**	4,620	**1,295**	1,297
Less future finance charges	**(3,717)**	(3,817)		
Present value of minimum lease payments	**1,311**	1,313	**1,311**	1,313
Included in:				
Current borrowings			**3**	3
Non-current borrowings			**1,308**	1,310
			1,311	1,313

There were no Land or Other Finance Leases held by the PCT at the 31 March 2013.

	31 March 2013 £000	31 March 2012 £000
Finance leases as lessee		
Future Sublease Payments Expected to be received	**96**	96
Contingent Rents Recognised as an Expense	**(2)**	(2)

31 Finance lease receivables as lessor

As at 31 March 2013 the PCT did not have any finance lease receivables (31 March 2012 £0).

32 Provisions

Comprising:

	Total £000s	Pensions Relating to Other Staff £000s	Legal Claims £000s	Restructuring £000s	Continuing Care £000s	Other £000s
Balance at 1 April 2012	**2,248**	865	8	0	300	1,075
Arising During the Year	**2,900**	8	0	30	2,858	4
Utilised During the Year	**(1,614)**	(716)	0	0	(101)	(797)
Reversed Unused	**(142)**	(4)	(8)	0	0	(130)
Unwinding of Discount	**10**	5	0	0	0	5
Change in Discount Rate	**18**	4	0	0	0	14
Transferred (to)/from otherPublic Sector bodies	**0**	0	0	0	0	0
Balance at 31 March 2013	**3,420**	**162**	**0**	**30**	**3,057**	**171**
Expected Timing of Cash Flows:						
No Later than One Year	**1,905**	**37**	**0**	**30**	**1,821**	**17**
Later than One Year and not later than Five Years	**1,429**	**125**	**0**	**0**	**1,236**	**68**
Later than Five Years	**86**	**0**	**0**	**0**	**0**	**86**

Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:	
As at 31 March 2013	0
As at 31 March 2012	0

Pensions
Pension provisions of £162k recorded above are based on information as provided by the NHS Pensions Agency. The timing and uncertainty of these provisions are based on Average life span figures as provided by the NHS Pensions Agency.

Restructuring
The PCT has provided £30kat 31 March 2013 to cover outstanding costs in respect of redundancies and early retirements that were agreed in 2012-13 in connection with the Health and Social Care bill.

Continuing Care
Having reviewed the number of cases outstanding regarding Continuing Care and in accordance with guidance the PCT has included a provision of £3.057k in its accounts in respect of outstanding continuing healthcare cases and the provision is based on success rate of past cases . The PCT are expecting to settle these within the 18 months.

Other Provisions of £171k are analysed as follows:

Injury Benefit Provision £171k
Injury Benefit provisions recorded above are based on information as provided by the NHS Pensions Agency. The timing and uncertainty of these provisions are based on Average life span figures as provided by the NHS Pensions Agency.

33 Contingencies

Contingent liabilities
The PCT has not recognised any contingent liabilities as at 31 March 2013, nor did it at 31 March 2012.

Contingent Assets

The PCT has not recognised any contingent assets as at 31 March 2013, nor did it at 31 March 2012.

34 PFI and LIFT - additional information

As at 31 March 2013, Gateshead PCT is not involved in either PFI schemes or NHS LIFT schemes.

35 Impact of IFRS treatment - 2012-13

There is no impact in the current year for Gateshead PCT in respect of moving from UKGAAP to IFRS under IFRIC12

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/Trust 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		3,662		**3,662**
Receivables - non-NHS		2,316		**2,316**
Cash at bank and in hand		280		**280**
Other financial assets	0	0	0	**0**
Total at 31 March 2013	**0**	**6,258**	**0**	**6,258**
Embedded derivatives	0			0
Receivables - NHS		2,033		2,033
Receivables - non-NHS		2,077		2,077
Cash at bank and in hand		5		5
Other financial assets	0	0	0	0
Total at 31 March 2012	0	4,115	0	4,115

36.2 Financial Liabilities	**At 'fair value through profit and loss' £000**	**Other £000**	**Total £000**
Embedded derivatives	0		**0**
NHS payables		2,234	**2,234**
Non-NHS payables		11,245	**11,245**
Other borrowings		0	**0**
PFI & finance lease obligations		1,311	**1,311**
Other financial liabilities	0	0	**0**
Total at 31 March 2013	**0**	**14,790**	**14,790**
Embedded derivatives	0		0
NHS payables		2,218	2,218
Non-NHS payables		12,065	12,065
Other borrowings		0	0
PFI & finance lease obligations		1,313	1,313
Other financial liabilities	0	0	0
Total at 31 March 2012	**0**	15,596	15,596

37 Related party transactions

Gateshead Primary Care Trust is a body corporate established by order of the Secretary of State for Health.

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with Gateshead Primary Care Trust except where detailed below.

The Department of Health is regarded as a related party. During the year Gateshead Primary Care Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are listed below;

City Hospitals NHS Foundation Trust
Co Durham & Darlington Acute Foundation NHS Trust
Gateshead Health NHS Foundation Trust
Newcastle Upon Tyne Hospitals Foundation NHS Trust
North East Ambulance Service NHS Trust
North East Strategic Health Authority
Northumberland Tyne & Wear Foundation Trust
South Tyneside NHS Foundation Trust
Sunderland Teaching PCT
Newcastle PCT
North Tyneside PCT
South Tyneside PCT

In addition, the Primary Care Trust has had a significant number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with Gateshead Metropolitan Borough Council in respect of the provision of healthcare in the community.

Some Directors of the PCT Board are members or employees or are related to members or employees of organisations with which low levels of transactions took place. Details can be found in the register of interests at the PCT Headquarters. All amounts involved were immaterial except:

As the Board consist of GP/Pharmacists/Dental/Optometrists any material payments made to these FHS contractors are in respect of amounts due under national agreed frameworks.

Carole Wood, Director of Public Health for Gateshead Primary Care Trust is a joint appointment between Gateshead PCT and Gateshead MBC.

Mrs K Straughair, Chief Executive of Gateshead PCT is married to Mr C Reed, Chief Executive of North of Tyne PCTs, Newcastle PCT, North Tyneside PCT and Northumberland Care Trust.

Mrs L Robson, Chief Operating Officer of NHS South of Tyne and Wear PCTs (April-21st October), is married to a General Dental Practitioner at the Galleries Dental Surgery within Sunderland Teaching Primary Care Trust.

The following Officers of the Statutory Board of Gateshead PCT are employed in the same capacity by Sunderland Teaching PCT and South Tyneside PCT:

Mrs K Straughair, Chief Executive
Mrs M Davison, Director of Governance & Quality
Dr D Hambleton, Director of Commissioning Development
Mr C Macklin, Director of Finance
Dr M Prentice, Medical Director
Mrs L Robson, Chief Operating Officer (April-21st October)
Mrs V Taylor, Director Transition and Change
Mrs C Donaldson, Associate Director of Patient Safety & Nursing (April 2012-15th February 2013)

Details of individual's salaries and other remuneration can be found within the PCT annual report for 2012-13

37. Related party transactions 2012/13 Cont

Gateshead Clinical Commissioning Group Pathfinder Committee was established as a formal sub committee of the PCT board in preparation to taking on its full role from 1st April 2013.

The following are members of GatNet (Gateshead) Clinical Commissioning Pathfinder Committee during the year:

Name	**Related Party**
Dr Mark Dornan	GP Partner at Teams Medical Practice
Dr Steve Kirk	GP Partner Whickham Cottage Medical Practice.
Dr Neil Morris	GP Partner in Oxford Terrace Medical Group. Deputy Medical Director at NHS North of Tyne (1 day per week as Accountable Officer for Controlled Drugs and other areas of Clinical Governance)
Dr Christopher Jewitt	GP Partner in Glenpark Medical Practice Wife is Embryologist at fertility unit at Queen Elizabeth Hospital, Gateshead.
Susan Sohi	Practice Manager at Glenpark Medical Practice.
Val Hempsey	Sole contractor Bridges Medical Practice. National Association Primary Care Executive Board member. National Practice Management Steering Group member. Member of EUG & Implementation Board of CQRS (Calculating quality reporting system), Connecting for Health.
Deborah Dews	Nurse Practitioner, Birtley Medical Group
Sheinaz Stansfield	Practice Manager employed by Oxford Terrace Medical Practice.
Tim Morgan	Non Exec Director - NHS South of Tyne and Wear Finance Director - Shared Interest Society Ltd
Mark Adans	Director of Commissioning - NHS North of Tyne
Joe Corrigan	Director of Finance - NHS North of Tyne

There is little change to this note from 2011-12, however, if you would like to see a comparable note for 2011-12 you can by requesting a copy of the 2011-12 annual accounts or annual report for Gateshead PCT.

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	115,187	145
Special payments - PCT management costs	2,300	1
Total losses	115,187	145
Total special payments	2,300	1
Total losses and special payments	117,487	146

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	19,739	31
Total losses	19,739	31
Total special payments	0	0
Total losses and special payments	19,739	31

39 Third party assets

At the balance sheet date, 31 March 2013, the PCT did not hold any third party assets (31 March 2012 £0).

40 Cashflows relating to exceptional items

There are no exceptional items.

41 Events after the end of the reporting period

As part of the changes to the NHS brought about by the Health and Social Care Act 2012, Primary Care Trusts ceased to exist on 31st March 2013. The responsibilities were primarily transferred to Clinical Commissioning Groups, NHS Property Services Ltd and the Area Teams of the NHS England.

The following summarises the approximate net revenue value of the PCT Revenue Resource Limit based upon baseline mapping exercise July 2012. Indicative allocations to successor bodies are as follows:

Gateshead CCG	£297m
NHS England	£ 78m
Public Health England	£ 7m
Gateshead Council	£ 15m

The following summarises the values approximate asset value transferred

Gateshead CCG	£251k
NHS Property Services Ltd	£24,003k
NHS England	£430k

For more details of the changes affecting the NHS from 1st April 2013 please see: www.dh.gov.uk/health/2012/06/act-explained/

FINANCIAL REVIEW

South Tyneside Primary Care Trust delivered all its statutory and administrative financial duties during the 2012/13 financial year. The financial results of the PCT are set out in the following pages of the report. Headline results are as follows:-

- A revenue surplus of £78,000 against a resource limit of £333 million.
- An underspend on capital of £53,000 against a capital resource limit of £958k.
- Cash was managed within the resource limits available.
- Sustained high performance against the Better Payments Practice Code.

This is a good result for the PCT given the pressures faced "in year" which maintains the excellent financial performance of the organisation in previous years.

Success was delivered against the continued backdrop of strict 'control totals' agreed with the Strategic Health Authority, effective monitoring and management of financial risks and effective reporting arrangements during the year. The Cluster Board meetings operating at an "NHS South of Tyne & Wear" level received regular financial updates formerly and informally during the year and this was replicated at the South Tyneside Clinical Commissioning Group (CCG) meetings on a regular basis. A significant element of the PCTs commissioning budgets were delegated to the CCG to manage on the Boards behalf in 12/13 which demonstrated the confidence of the existing statutory body with its "main" successor organisation.

Year end forecasts have not deviated in year which highlights the robustness of financial reporting within the PCT. Whilst delivering an excellent surplus certain budget lines did experience pressure in year which were managed successfully by the effective use of reserves.

To prepare the CCG to take on its new powers the Cluster Board delegated responsibility for the budgets that the CCG will ultimately inherit from 2013/14. This has enabled the CCG to develop an understanding of the dynamics of the various budget headings and hopefully a successful track record which will assist in its early years as a new statutory body.

This summary report contains a considerable amount of evidence which highlights our achievements/improvements in healthcare during 2012/13, whilst not compromising our excellent financial track record. We had a strong culture of good quality financial management and control which could have been tested in a transitional year as the NHS moved to new ways of working, however it is testament to everyone working in the PCT and CCG that continued success was delivered.. We worked collectively to ensure no loss of financial memory which underpinned the PCTs strategies in 2012/13 and prepared the CCGs to take on and continue the excellent work from 2013/14.

Accounts have been produced under International Financial Reporting Standards in accordance with Department of Health guidelines. The quality of the accounts and working papers remained high whilst still adhering to tight submission dates set by DH. This year's annual report will not contain Summarised Financial Statements as in previous years as it is the last year of existence for the PCT. Readers are asked to refer to the Full Accounts for any financial analysis.

AUDIT ARRANGEMENTS

External auditors for the NHS are appointed by the Secretary of State. For South Tyneside PCT these services are provided by Mazars LLP.

During the year the auditors undertook a broad range of activities which were approved and monitored by the Audit Committee. As well as the mandatory financial statements work, the audit in 2012/13 provided an assessment on our arrangements for securing economy, efficiency and effectiveness i.e. value for money. In addition specific audits on payment by results and the National Fraud Initiative were undertaken.

The fees paid by the PCT for external audit was as follows:-

Financial Statements	**£65,880**
PBR	**£21,000**
NFI	**£1,000**
Total Fee Paid	**£87,880**

The payment by results and National Fraud Fees were standard rates applied to all primary care organisations.

WHAT DOES THE FUTURE BRING?

Change is not an unfamiliar concept to those of us who work in the NHS. The ability to adapt and refocus our objectives / goals to suit changing circumstances has been one of the key successes of South Tyneside PCT. Going forward this will be even more critical; however it will be South Tyneside CCG who will carry the mantle forward. The current position of the economy, significant interest in the new reforms could take the CCGs minds off its key focus to improve health services and reduce health inequalities. Early indications are good as the CCG had produced a robust set of financial and operational plans to further develop services for the South Tyneside community, however the "proof of the pudding will be in the eating". The first South Tyneside CCG Annual Report in a years' time will be an opportunity for the new statutory body to demonstrate that the good work has continued and the pace of change has accelerated.

Chris Macklin C.P.F.A.
Former Finance Director South Tyneside PCT

South Tyneside

Primary Care Trust

Annual Accounts

2012 - 2013

CERTIFICATES

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.....J Lawlor.....Designated Signing Officer

Name: John Lawlor, Area Director Cumbria Northumberland Tyne & Wear Area Team

Date 5th June 2013

STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

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

- make judgements and estimates which are reasonable and prudent;

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

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

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

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

By order of the Permanent Secretary.

5th June 2013 Date.....Signing Officer

5th June 2013 Date .....Finance Signing Officer

MAZARS

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

We have audited the financial statements of South Tyneside 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. 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 ;
- the table of pension benefits of senior managers and related narrative notes ; and
- the table of pay multiples and related narrative notes .

This report is made solely to the Accountable Officer for South Tyneside 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.

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.

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Opinion on regularity

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of South Tyneside 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

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Code of Audit Practice issued by the Audit Commission requires us to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

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

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

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

Certificate

We certify that we have completed the audit of the accounts of South Tyneside 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.

Steve Nicklin CPFA for and on behalf of Mazars LLP

Chartered Accountants

Rivergreen Centre

Aykley Heads

Durham

DH1 5TS

5th June 2013

Annual Governance Statement 2012-13

1. Scope of responsibility

As Accountable Officer, and Chief Executive of NHS South of Tyne and Wear, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the Primary Care Trust is administered prudently and economically and that resources are applied efficiently and effectively. I acknowledge my responsibilities as set out in the Accountable Officer Memorandum.

2. The purpose of the governance framework

2.1 Governance is concerned with the systems, controls, accountabilities and decision-making at the highest level of the organisation. It is about the way the organisation leads and manages through its values (in the public sector of accountability, probity and openness) and its systems (such as governance structures and risk management systems). The governance framework comprises the systems and processes, and the culture and values, by which the organisation is directed and controlled. It enables the organisation to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

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

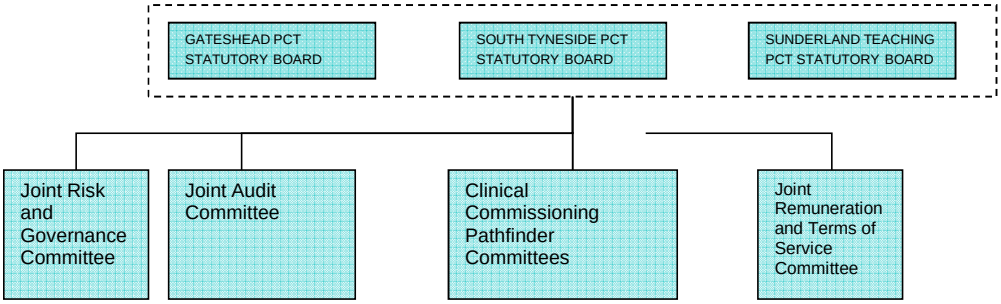
2.3 The governance system has been in place in the Primary Care Trust for the year ended 31 March 2013 and up to the date of the approval of the statement of accounts.

3. The Governance Framework

3.1 Following the establishment of integrated management arrangements for Gateshead PCT, South Tyneside PCT and Sunderland Teaching PCT in 2007, the Statutory Boards have established integrated governance arrangements covering the three PCTs and which from December 2011 have, in accordance with national guidance, operated as a PCT Cluster Board. In line with guidance, an agreement has been approved which sets out the working arrangements for the three statutory Boards within NHS South of Tyne and Wear working together as a single Cluster Board. During the year the PCT Joint/Cluster Board met on five occasions both in private and public, and for which there was an annual cycle of business. An extra-ordinary meeting was also held in January 2013 dealing with the outcome of the PCT's public consultation on improving urgent and emergency care services in Sunderland. Agendas are structured to deal with strategic, performance, quality assurance, risk and governance issues. The arrangements meet the requirements of best practice guidance in respect of risk management and ensure that a strong accountability framework has been established.
They reflect the public service values of accountability, probity and openness and specify as Chief Executive my responsibility for ensuring that these values are met within the PCT.

3.2 The PCT Cluster Board has continued to operate with a committee structure which reflects guidance and best practice, including a Joint Remuneration and Terms of Service Committee and a Joint Audit Committee. Revised terms of reference have been agreed for these committees which reflect changes arising from the PCT Cluster Board arrangements and following delegation to them by the PCT Board. Other committees and sub-committees of the PCT Cluster Board, and which support the organisation in the delivery of effective governance, include the Joint Risk and Governance Committee and the Quality, Patient Safety and Clinical Governance Committee. In keeping with the PCT's commitment to supporting the progress of Clinical Commissioning Pathfinder Committees towards authorisation and the commensurate delegation of decision making, members of the Pathfinder Committees are formally included within the membership of the PCT's committees and sub-committees. The organisational structure including key committees is set out below;

NHS South of Tyne and Wear Joint/Cluster Board



3.3 Description of the established Board Committees

The roles of each of the Board Committees are set out broadly below. The Board Committees have authority under the Scheme of Delegation to establish sub committees or sub groups to enable them to fulfil their role. Each of the Board Committees has detailed Terms of Reference. Each Committee is authorised by the PCT Board to pursue any activity within their Terms of Reference and within the Scheme of Reservation and Delegation.

Joint Remuneration and Terms of Service Committee

The Committee is established to advise/recommend to the PCT Cluster Board the appropriate remuneration and terms of service for the Chief Executive, Directors and other staff paid through the Very Senior Manager Pay Framework. The Committee also advises/recommends to the PCT Cluster Board remuneration for the role of Vice Chair, remuneration and terms of service of any independent lay members/Associate Non Executive Directors, and reviews any business cases for early retirement and redundancy.

Joint Audit Committee

In line with the requirements of the NHS Audit Committee Handbook and NHS Codes of Conduct and Accountability, the PCT Cluster Board has established a joint committee of their statutory Boards known as the Joint Audit Committee. The Committee provides the organisation with an independent and objective review of their financial systems, financial information and compliance with laws, guidance, and regulations governing the NHS. The Committee's cycle of business includes review of the Board Assurance Framework and corporate risk register. The Committee is a non-executive committee of the Board and has no executive powers, other than those specifically delegated in its terms of reference. Annually the Committee also carries out a self-assessment of its effectiveness.

The Joint Audit Committee as part of its terms of reference provides an Annual Report of its work to the PCT Cluster Board. The most recent report available covers the year to 30 June 2012. The principal purpose of the report is to give the Board an assurance as to the work carried out to support the Chief Executive's review of the internal control arrangements. The Committee's cycle of business enables the Joint Audit Committee to carry out its key objectives necessary to support its assurances regarding the effectiveness of the organisation's internal controls.

Extracts from the Joint Audit Committee's Annual Report for the year to June 2012.

The following extract from the Joint Audit Committee's Annual Report details the coverage of the work of the Committee, the principal purpose of which is to give the Board an assurance as to the work carried out to support the Annual Governance Statement given by the CEO on its behalf.

Principal Review Areas

This annual report is divided into five sections reflecting the five key duties of the Committee as set out in the terms of reference.

1. Governance, risk management and internal control

· The Committee has reviewed relevant disclosure statements, in particular the Annual Governance Statement together with the Head of Internal Audit Opinion, external audit opinion and other appropriate external independent assurances and considered that the Annual Governance Statement was consistent with the AC's view on the PCT's system of internal control. Accordingly we supported the Board's approval of the Annual Governance Statement.

· The Committee reviewed the Assurance Framework and believed that it was fit for purpose and has reviewed evidence to support this. The Framework is in line with Department of Health expectations and has been reviewed by internal and external audit to give additional assurance for our opinion.

The Committee has reviewed the completeness of the risk management system and the extent to which it is embedded within the organisation. This included a regular review of the organisation's risk management arrangements and in particular its risk registers. It should be noted that there is also a much improved regular review of risk presented to the PCT Cluster Board in the form of a Top Risks Register

2. Internal audit: throughout the year the Committee has worked effectively with internal audit to review and strengthen the PCT's internal controls and in particular:

· Reviewed and approved the internal audit strategy, operational plan and detailed programme of work. The formal meetings always include at least two members of their team. We consider their reports, agree their programmes and consider their effectiveness. They also deliver our fraud protection programmes and we consider the reports to be aware of any issues requiring further action. In this connection there were no major incidents which required additional time allocation. We have considered whether we should employ outside assessment of their performance, however we are persuaded that this can be more effectively dealt with by reliance on help and report from our external auditors.

· Considered the findings of internal audit and sought assurance that management had responded in an appropriate way and that the Head of Internal Audit Opinion and Annual Governance Statement reflected any significant control weaknesses.

3. External audit:

· The Committee reviewed and agreed external audit's annual plan

· The Committee reviewed and commented on the reports prepared by external audit

As with internal audit we always have at least two members of their team present at our formal meetings. We review their work and findings, follow up their management requests, and agree their fee proposals. They keep us informed in respect of the changing nature of DH requirements, and have arranged briefing sessions where necessary. We were pleased to note that the effectiveness of the AC was noted by the District Auditor at his annual presence at the Board.

The Audit Committee again met with the auditors (both Internal & External) on at least one occasion without Management present. Whilst there were, as we would expect, no significant issues to discuss in this session, it did allow some helpful suggestions to be made about timing of preparation of information for the audit and the Director of Finance was able to deal proactively with these and improve the efficiency of the audit process.

4. Management:

· Whilst the Committee meets formally four times a year we also have informal meetings with the Director of Finance and his senior team. These are mainly educational and contain briefings on the monthly accounts including comparatives to budget, outlining future budget plans and also scrutiny of the Resource Releasing Initiatives (RRI) programme as referred to below. The AC greatly values these discussions, which also give the finance department an informal setting to highlight issues and concerns. We are able as a result to give the Board assurances of independent scrutiny of items submitted to it. Given the current pressures on our Executive and our Board as a result of management cost reductions, RRIs and the Transition programme for NHS reform including the development of Clinical Commissioning, it is all the more important that we continue to support the organisation by having more informal meetings with the Director of Finance and his staff. These meetings will enable the AC to form opinions to support evidence needed for the Board in its deliberations on financial statements.

· Value for Money is important to the organisation as it is an important part of outside monitoring. We take our responsibilities seriously and are involved in scrutiny of both the external auditors report and in helping the Director of Finance formulate his plan and budgets. The AC has had a significant focus on reviewing the progress of Resource Releasing Initiatives (RRIs) this year and has been able to use a number of its informal meetings to review and discuss progress on these with the internal team. The time allocated to these meetings permits a greater degree of scrutiny and understanding than is possible at a full meeting of the Board and has helped Inform the reporting of progress to make this more readily accessible. It was pleasing to note that that the Auditors issued a “Green” rating to all 3 PCTs on their arrangements to secure value for money.

5. Financial Reporting:

The Committee carried out its normal annual, detailed review of the statutory accounts before submitting them to the Board, discussing detailed issues with key members of the Finance Team in a special three-hour meeting. The Committee supported Management's treatment of the merger accounting issue but asked that a number of small disclosure items were amended in various places within the three sets of statutory accounts and identified an error in the presentation of the numbers (in a supporting note to one of the primary statements). We would again like to thank the Director of Finance and his team for their openness and cooperation in sharing information with the Committee and taking the extra time to provide explanations and debate key areas with us.

In addition we reviewed the narrative of the published accounts in detail this year and our discussions led to a number of changes being made to make the accounts even more readable - notably with some extended explanatory narrative and comparators added to disclosure notes about HR matters.

Other matters worthy of note

As the organisation moved towards the new arrangements and greater delegation of resources and responsibility to Clinical Commissioning Groups, the Committee shared its role and remit with members of the emerging organisations. In particular in order to provide the necessary assurance during the transition, members of the shadow Clinical Commissioning Groups started to attend meetings of the Audit Committee. We believe that this early understanding of the important role of the Audit Committee will be of benefit to the Clinical Commissioning Groups once established.

In addition to reviewing in detail the Annual Accounts in order to give assurance to the Board, we also reviewed the Annual Accounts process in detail. Linked to this we also reviewed and approved the PCT’s Annual Report.

Self Assessment of Effectiveness

We confirm that we have carried out our self assessment, strengthening our model of assessment through use of an additional tool. Following the outcome of the assessment there were no concerns to be actioned.

Conclusion

As the NHS locally moves to its new structures it will be important to ensure that the emerging assurance arrangements are fit for purpose particularly during a period when the capacity and capability of the new organisations is likely to be tested. Clinical Commissioning Groups may well be advised to look to the experience of their Audit Committees to help them chart the governance terrain and help them put in place suitably robust governance and assurance arrangements”.

Joint Risk and Governance Committee

The principal purpose of the Joint Risk and Governance Committee (JRGC) is to exercise on behalf of the PCT Cluster Board the functions that are delegated to it in respect of the development, implementation and monitoring of integrated risk and governance. In particular, by providing assurance on the systems and processes by which the PCT Board leads, directs and controls its functions in order to achieve its organisational objectives. In particular, it has overall responsibility for reviewing the Board Assurance Framework, the Top Risks and Corporate Risk Registers, (together with the Joint Audit Committee), and upon which reports were made to the PCT Board.

In keeping with the transition arrangements and authorisation of CCG's, there was a review of the role of the JRGC in this transition period. Accordingly from 2012, it was agreed that the JRGC would be retained as a PCT Board Committee, accountable directly to the PCT Board for functions that were not delegated to the Clinical Commissioning Pathfinder Committees, but with accountability and reporting in parallel through to the Clinical Commissioning Pathfinder Committees for functions that will form part of the CCG's statutory functions and duties post authorisation. This was proposed as a pragmatic approach which has enabled CCGs to build upon a model that was tried and tested and that would provide assurance to the Pathfinder Committees. As part of this approach each CCG has been represented on the Committee (and the Quality, Patient Safety and Clinical Governance Sub-Committee) enabling them to gain knowledge and build up a track record of assurance processes particularly as they relate to risk and compliance with statutory obligations.

From November 2011 the PCT's Quality, Patient Safety and Clinical Governance Sub-Committee was stood down, being replaced by a similar committee in each of the CCGs.

Following from this, changes were made to reporting arrangements for the sub-committees of the JRGC based on whether the functional area of the committee was to be retained as a Board level function or as a delegated CCG function. In line with these changes the terms of reference of the JRGC changed in year.

Whilst ensuring that the JRGC's structures are appropriate during the transition to CCGs, it has been just as important to ensure that the JRGC discharged its responsibilities effectively in order to ensure that the PCT and increasingly the CCGs are commissioning safe care for patients. Significantly during the year through its cycle of business, the JRGC and its associated sub-committees have considered the following quality, risk, safety and governance issues;

- Quality monitoring reports on provider commissioned services, including the reporting of serious untoward incidents
- Complaints. claims and untoward incidents (through a report from the Quality, Patient Safety and Clinical Governance Committee)
- Information Governance
- Corporate and top risks register
- Risk Management Strategy and Governance Framework
- Emergency Planning and Business Continuity
- Health and Safety
- Assurance on Equality, Diversity and Human Rights arrangements
- Management of Controlled Drugs arrangements (through an Annual Report)
- Healthcare Acquired Infections
- Relevant policy approval
- Provision of Nursing Home Care
- PCT Closedown Project Plan, including review of Legacy document
- Transition Reports

3.4 Clinical Commissioning Groups

3.4.1 The PCT has continued to work with the shadow Clinical Commissioning Groups as they have each progressed towards establishment. In December 2011 the PCT made decisions to ensure greater delegation of some of its functions and resources to each of the Clinical Commissioning Groups during the transition period, and which were commensurate with the PCT's overall responsibility as a statutory body until abolition in 2013. These changes resulted in ever increasing delegation to CCG Pathfinder Committees and revisions to the Committee structures to support the development of the CCGs.

3.4.2 Final changes to the PCTs' governance arrangements were made in December 2012. These changes recognised the fact that each of the CCG's had in place their governing bodies and were beginning to operate as shadow Governing Bodies and that each of the CCGs had in place their own committee structures in accordance with the CCG Regulations and their Constitutions.

3.4.3 In recognition of the fact that the PCTs remain the accountable statutory bodies until 31 March 2013, it was agreed by the PCT Cluster Board that the Annex to the PCTs' Scheme of Reservation and Delegation, which delegated responsibilities to the CCGs, should remain extant for the duration of the PCT, together with the Financial Scheme of Delegation to PCT Officers and Committees (and which provided for delegation of financial decision-making to CCGs). Importantly in addition, in order to discharge its accountability the PCT continued to rely on the forms of assurance which had been put in place including the accountability reports to the PCT Cluster Board and the regular accountability review meetings.

3.5 Specialist Services.

There are a number of services which are so specialist and/or high cost, low volume that the PCT has made collaborative commissioning arrangements for them with other PCTs in the North East to make commissioning decisions through delegation arrangements:

- North of England Specialised Commissioning Transition Board (supported by a North East Regional Operating Group – covers a set of nationally defined specialist services, including radiotherapy and bariatric surgery (hosted by North Tyneside PCT);
- North of England Cancer Drugs Advisory Group (hosted by South Tyneside PCT).
- Prison services (hosted by NHS Durham)

Each of these groups has an agreed governance framework, which specifies clear roles, responsibilities and accountabilities. The groups' investment decisions and regular review of performance against those investments are all formally documented. In addition, performance on specialised services is also integrated into the PCT performance monitoring and reporting process.

3.6 The North East Primary Care Services Agency, whose functions include primary care commissioning, contracts and performance, and family health services, has been operating on behalf of PCTs since 1 December 2010, with each PCT retaining its responsibilities for the period up to which a Service Level Agreement and associated formal delegation arrangements were put in place in May 2011. The NE PCSA is hosted by South Tyneside PCT.

3.7 In addition, close working relationships have been established with partner organisations in the local health community and performance against agreed Annual Operating Plan objectives is continually assessed. Organisational arrangements are in place for these partnership arrangements including provider trusts, local authorities and other stakeholder and partner organisations. Close links have also been maintained with the North East Strategic Health Authority, with regular meetings being held to address performance issues, priorities across all activities, and the arrangements for meeting the requirements of the NHS reforms.

3.8 The Integrated Strategic and Operational Plan for 2012/16 has provided the overall vision and strategic and operational focus for the organisation. The Plan sets out for each PCT a four year vision for service improvement supported by plans for meeting the national priorities set out in the "Operating Framework for the NHS in England 2012/13" and the local priorities indentified by the Joint Strategic Needs Assessment, developed in partnership with each local authority. As we have moved towards the new arrangements the shadow CCGs have each developed their own 'Clear and Credible' Plans.

3.9 As a key means of ensuring that the organisation's objectives are being delivered, the PCT has developed a detailed Board Assurance Framework which, together with other reporting mechanisms available to the Board, provides evidence as to the effectiveness of controls and assurance that are in place for ensuring delivery of the organisation's key objectives. The PCT Cluster Board has approved the Assurance Framework confirming that the controls to manage risks and forms of assurance are reasonable and, where appropriate, has developed action plans to improve controls and forms of assurance. The Assurance Framework is reviewed in detail by both the Joint Audit Committee and the Joint Risk and Governance Committee. The Assurance Framework is continually refined in its development in order to ensure that it covers all areas on which the Board should be seeking assurance.

Board Directors Attendance Record 2012/13

Director	PCT Board	Joint Audit Committee	Joint Risk and Governance Committee	Remuneration Committee
Non Executive Directors				
Mr Stephen Clark, Chair	3/5 (60%)			2/2 (100%)
Mr Alan Baty, Vice Chair	4/5 (80%)	2/4 (50%)		2/2 (100%)
Mrs Sue Winfield, Vice Chair	4/5 (80%)		4/4 (100%)	2/2 (100%)
Mrs Pat Harle	3/5 (60%)		2/4 (50%)	
Mr Tim Morgan	4/5 (80%)	3/4 (75%)		
Mr Ron Reynolds	3/5 (60%)	3/4 (75%)		
Mrs Ruth Richardson	3/5 (60%)		2/4 (50%)	
Mrs Aileen Sullivan	3/5 (60%)		4/4 (100%)	
Executive Directors				
Mrs Karen Straughair, Chief Executive *	4/5 (80%)			
Mr Chris Macklin, Director of Finance *	3/5 (60%)	4/4 (100%)	1/4 (25%)	
Dr Mike Prentice, Medical Director *	4/5 (80%)		3/4 (75%)	
Mrs Amanda Healy, Acting Director of Public Health, South Tyneside PCT	2/5(40%)			
Ms Maureen 'Nonnie' Crawford, Locality Director of Public Health, Sunderland TPCT *	2/5 (40%)			
Dr Alyson Learmonth, Locality Director of Public Health, Gateshead PCT (to May 2012) * Mrs Carole Wood, Locality Director of Public Health, Gateshead PCT (from April 2012)	1/1 (100%) 1/3 (33%)			
Mrs Louise Robson, Chief Operating Officer, * (to October 2012)	2/3 (66%)		1/3 (33%)	
Dr David Hambleton, Director of Commissioning Development	3/5 (60%)			
Mrs Carole Donaldson, Associate Director of Nursing and Patient Safety/Nurse Adviser to the Board *	3/5 (60%)		4/4 (100%)	
Mrs Moira Davison. Director of Governance & Quality	3/5 (60%)	2/4 (50%)	4/4 (100%)	
Mrs Vicki Taylor, Director of Human Resources, Organisational Development and Workforce (until 31/05/11) and Director of Change and Transition (from 11/07/11).	1/5 (20%)			

* Denotes Executive Director with voting right.

3.10 Review and assessment of Board Effectiveness and Assessment of Compliance with Corporate Governance Codes

3.10.1 In reviewing and assessing Board effectiveness, the guidance provided on effective corporate governance contained in three key documents - the Financial Reporting Council's UK Corporate Governance Code, 2010, the Code of Good Practice published by HM Treasury (2011) and that of the National Leadership Council, 'The Healthy NHS Board: Principles for Good Governance' - have been taken into account. Board effectiveness has been assessed following a detailed mapping of the PCT Cluster Board's governance practice to the guidance and standards contained in the UK Corporate Governance Code, 2010, to which all subsequent best practice refers. The guidance contained within The UK Corporate Governance Code has enabled a detailed review of board effectiveness against the following criteria – leadership, effectiveness, accountability, remuneration and relations with stakeholders.

3.10.2 In particular, having reviewed the effectiveness of the PCT Cluster Board's governance framework and arrangements in relation to the UK Corporate Governance Code and associated guidance, I consider that the organisation complies with the principles and standards of best practice contained within the guidance on a "comply or explain" basis.

3.11 PCT Handover and Closedown Documentation

3.11.1 In May 2012, the Department of Health issued guidance advising PCTs of the requirement, as part of the transition and closedown arrangements, to produce operational handover and closedown documents for the benefit of successor receiver organisations. Accordingly detailed handover documents have been produced and shared with all receiver organisations and with NHS North. This has also involved a series of face to face meetings with receiver organisations to discuss the contents of the handover documents.

3.11.2 In addition, through the production and sharing of the handover documents with receiver organisations, the sharing of the PCT's risk reports and register, and on-going discussions with receiver organisations, it has been possible to appraise successor receiver organisations of the actual and potential risks to service delivery which they will face.

3.11.3 The Joint Risk and Governance Committee provided oversight of the transition planning and close down activities on behalf of the PCT Cluster Board and received reports at each meeting including the transition risks. They also undertook detailed review of the PCTs' transfer scheme instructions and schedules where available from the Department of Health, and, under delegated authority, approved these on behalf of the PCT Cluster Board, with subsequent ratification at the PCT Cluster Board on 25th March 2013.

The Joint Audit Committee received assurance reports on PCT Financial closedown on behalf of the PCT Cluster Board.

3.12 Accounts Scrutiny and Sign Off

In line with the Department of Health's letter of 17 December 2012 (Gateway reference: 18561), the PCT has complied as necessary with the arrangements for accounts scrutiny and sign off. In particular, when the PCT ceases to be a statutory body on 1 April 2013, the requirement for essential scrutiny and governance provided by the Audit Committee will be lost in relation to the 2012/13 Annual Accounts. Accordingly in line with the Department of Health's requirements, three non-executive directors of the PCT Cluster Board have been nominated to form a sub-committee of the of the Department of Health's own Audit and Risk Committee to ensure the necessary scrutiny and sign off of the 2012/13 Annual Accounts.

3.13 I can confirm that the arrangements in place for the discharge of statutory functions have been checked for any irregularities, and that they are legally compliant.

4. The Risk and Control Framework

4.1 A Risk Management Strategy is in place which takes into account current guidance on risk management best practice and incorporates guidance provided by ISO 31000:2009 (formerly AZ/NZ Standard 4360:2004) and the former National Patient Safety Agency in its approach to assessing risk. It also takes into account the recommendations of audit report findings (S2010/26).

4.2 The Risk Management Strategy sets out the PCT's approach to the assessment and management of clinical and non-clinical risk in fulfilment of our overall objective to commission and provide high quality and safe services. It provides guidance for the systematic and effective management of risk. Key elements of the Risk Management Strategy include:

- a clear statement of Board and individual accountability for delivery of the strategy
- clear principles, aims and objectives of the risk management process
- a clearly defined process for delivering the strategy including an implementation plan to ensure that the strategy and risk management awareness is communicated to all staff
- details of the approach to be undertaken to assess and report risk
- an agreed process for reporting, managing, analysing and learning from adverse events supported by a "fair blame" culture and approach
- confirmation of the arrangements for reporting risks through the Top Risks Report, Corporate and Directorate Risk Registers
- arrangements for monitoring and review of the strategy

The overall risk management approach ensures that the strategy is coordinated across the whole organisation and progress is reported effectively to the PCT Cluster Board and Joint Risk and Governance Committee.

4.3 Risk is identified and embedded in the organisation via a number of mechanisms including the incident reporting system which identifies the risks that have already (or nearly) occurred from incidents or near misses; as a result of risk registers operating at directorate and corporate level which identify existing or prospective risks to the organisation; through our strategic planning system which ensures that all organisational objectives are rated for risks to achievement of delivery; and in our performance management system which rates all objectives for risk to delivery. In addition, all Board policies and reports are assessed for equality impact.

4.4 A key element in the management of organisational and strategic risk is the Top Risks Report. This report provides a dynamic overview of the current high level risks facing the organisation. These risks are mapped to the principal organisational objectives reflected in the Board Assurance Framework and take into account the organisational and structural changes resulting from the White Paper "Equity and excellence: Liberating the NHS." Specifically, the risks are aligned with the key priorities and risks of Board focus in the transition period – performance against our overall commissioning purpose to improve the health of the population we serve, delivery of QIPP (Quality, Innovation, Productivity and Prevention) and the reduction in management costs, patient safety and quality, and the transitional programmes for Public Health and Clinical Commissioning Groups. This report is reviewed at meetings of the Joint Risk and Governance Committee and at formal meetings of the PCT Cluster Board, providing for current and emerging risks to be screened at the most senior level of the organisation.
The Board Assurance Framework and risk processes are reviewed by the Joint Audit Committee and by the PCT Cluster Board.

4.5 Counter Fraud

Our Counter Fraud activity plays a key part in deterring risks to the organisation's financial viability and probity. An annual Counter Fraud Plan is agreed by the Joint Audit Committee which focuses on the deterrence, prevention, detection and investigation of fraud. In line with guidance issued by NHS Protect the plan for 2012/13 reflected the recommendation that a significant proportion of counter fraud activity should be given over to proactive counter fraud work.

4.6 Information Governance

The PCT has adopted and implemented the Department of Health Guidance, 'Checklist for Reporting, Managing and Investigating Information Governance Serious Untoward Incidents'. The organisation has in place a standard operating procedure for the reporting of level 3 Information Governance incidents to the Information Commissioner. This procedure outlines the scope of responsibilities and details the reporting procedures to be used in the event of a data security breach. There were no Information Governance incidents classified at a severity rating of 3 to 5 within NHS South of Tyne and Wear. There was one Information Governance incident classified at a severity rating of 1 to 2 within South Tyneside PCT. This related to misdirection of an e-mail regarding a GP appraisal which contained Personal Identifiable Information.

The PCT has an Information Governance Committee which reports to the Joint Risk and Governance Committee.

The PCT has submitted the Information Governance Toolkit and has been assessed as being 68% overall compliant, which confirms the organisation's rating as overall 'satisfactory' in this regard. Self assessment of compliance against the information governance requirements of the information governance toolkit was submitted online by 31 March, which received an opinion of significant assurance from the Internal Auditors. An opinion of limited assurance has been given on the Information Governance arrangements due to a specific point on compliance on the training standard for which a change in the Connecting for Health requirements was made in-year.

5. Significant Issues

Whilst the organisation has been in transition to the new operating arrangements for the commissioning of health services, this has been a challenging year for the organisation as a whole. In particular, whilst putting in place the architecture to support the new arrangements, the PCT has had to continue to discharge its day to day statutory responsibilities and often against a background of reduced capacity. This has required the organisation to be especially vigilant in relation to current and prospective organisational risks. As already described, this has been achieved by ensuring that the organisation has been adequately sighted throughout the year on key operational risks by means of the Top Risks Report. Drawing on this, it is possible to highlight the significant issues facing the organisation, as follows;

In-Year Risks and Significant Issues for the Organisation

- Financial Performance including contracting for acute hospital activity

NHS South of Tyne and Wear delivered a combined surplus of no greater than £1.5m in 2012/2013, financial and contract activity pressures emerged in year which required careful management to deliver a balanced position at the year end. It is pleasing to note that for the future each of the shadow Clinical Commissioning Groups have agreed collectively risk sharing/pooling arrangements to create flexibility.

Of particular concern in year has been the over performance of acute activity across all acute contract providers, as reported and discussed at the March 2013 PCT Cluster Board Meeting:-

o Gateshead PCT

Although the forecast year end financial position (as at Month 10) is showing a surplus for the PCT and CCG largely as a result of slippage on reserves and under-spending budgets, a concern remains that variances at the current levels within a range of budget heads are not sustainable for the future. A contract performance pressure remains the number of actual elective in-patients being treated by the Gateshead and Newcastle providers compared with the funded contracted activity.

o Sunderland TPCT

Whilst Sunderland TPCT is forecasting a year end financial position (as at Month 10) showing a surplus for the PCT and marginal surplus for the CCG, similar to the other PCTs there remains an underlying concern in relation to contract over performance of activity within its acute providers.

o South Tyneside PCT

The forecast year end financial position (as at Month 10) for South Tyneside PCT is showing a marginal surplus for the PCT and a deficit for the CCG, again as a result of contract over performance of activity within its acute providers. Work has been on-going throughout the year to manage acute activity and deliver a breakeven position at year end.

Throughout the year the Joint Audit Committee has reviewed financial performance with regard to assurance that appropriate actions were being taken. Additionally, each of the Clinical Commissioning Groups has been engaged to enlist their contribution to identifying and implementing actions to manage contract over performance.

· Risk to delivery of achievement of Health Care Associated Infection targets

Challenging health care associated infection targets remain a risk for all providers, especially in relation to CDi (Clostridium Difficile infection) at Gateshead and South Tyneside NHS Foundation Trusts and MRSA (Methicillin-resistant Staphylococcus Aureus) for all three NHS Foundation Trusts as South Tyneside and City Hospitals Sunderland have reached or exceeded their annual target. Whilst in year detailed action plans were put in place, this remains a residual risk at handover as targets for each of the CCGs remain challenging. At handover arrangements are in place for infection control issues to be monitored through the newly established CCG Quality, Safety and Risk Committee and through CCG performance reports.

· Continuing Health Care Restitution Cases

In May 2012, the NHS Chief Executive advised PCTs of the deadlines for assessment of eligibility for continuing health care and the closedown process for retrospective review of cases between April 2004 and 31 March 2012. These changes were introduced to ensure that at the point of handover to CCGs there would be a clear deadline for historical cases requiring assessment of eligibility. The deadline for applications for the first closedown period was 30 September 2012.

Consistent with the national trend the PCT has received a significant response which has been far in excess of the anticipated numbers of applications when the process was announced. The retrospective review process, therefore, represents a significant risk both financially and operationally at the point of handover to the CCGs.

6. Overall review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the governance, and risk and controls frameworks. 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 the internal audit work. The Head of Internal Audit's Opinion on the effectiveness of internal control within the PCT was available to me during preparation of this statement and which in relation to their individual assurance opinions confirmed 'significant assurance' for each of the risk-based audit assignments.

· Directors and senior managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance.

· The Assurance Framework itself provides me with evidence that the effectiveness of the controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

My review has taken into account the guidance provided on effective corporate governance contained in the Financial reporting Council's UK Corporate Governance Code (2010), the Code of Good Practice published by HM Treasury (2011) and that of the National Leadership Council, 'The Healthy NHS Board: Principles for Good Governance'(2010). In particular, the effectiveness of the PCT Cluster Board's governance framework and arrangements using the guidance has been reviewed by all Directors, and having reviewed the results of the assessment I consider that the organisation complies with the principles contained within the guidance.

My review is also informed by work undertaken by internal and external audit in accordance with their agreed audit plans, the core standards self assessment declaration and the regular reports on performance presented to the PCT Cluster Board and its appropriate sub-committees.

The risk management structure facilitates the effective management of risk. Regular review and reporting is through the Joint Risk and Governance Committee to the PCT Cluster Board as well as to the Joint Audit Committee. The outcomes of internal audit reviews have been considered throughout the year through regular reports to the Joint Audit Committee. The PCT Cluster Board receives and considers the minutes of the Joint Audit Committee and the Joint Risk and Governance Committee. Significant issues are raised in the reports placed on the PCT Cluster Board's agenda for more detailed discussion.

The PCT's approach to risk management, and in particular through the Top Risks Report, has enabled the PCT to identify and share with successor receiver organisations the residual risks which will remain following the handover and closedown of the PCT.

The PCT Cluster Board and its committees have a key role to play in maintaining and reviewing the effectiveness of the system of internal control. I have been advised on the implications of my review on the effectiveness of the system of internal control by the PCT Cluster Board, the Joint Audit Committee and the Joint Risk and Governance Committee.

In conclusion, my review confirms that the PCT has had a generally sound system of internal controls in place that supported the achievement of its policies, aims and objectives.

John Lawlor
Signing Officer
June 2013

Glossary of Terms and Abbreviations

Accruals	An accounting concept. In addition to payments and receipts of cash, adjustment is made for outstanding payments, debts to be collected and inventories. This means that the accounts show all of the income and expenditure that related to the financial year.
Administration (Running Costs)	Any costs that are not a direct payment for the provision of healthcare or healthcare related services.
APMS	Alternative Personal Medical Services
Assets	An item that has a value in the future. For example, a receivable (someone who owes money) is an asset, as they will in future pay. A building is an asset, because it houses activity that will provide a future income stream.
Audit	The process of validation of the accuracy, completeness and adequacy of disclosure of financial records.
Capital	Land, buildings, equipment and other non-current assets owned by the Trust, the cost of which exceeds £5,000 and has an expected life of more than one year.
Cash limit	A limit set by the Department of Health which restricts the amount of cash drawings that the Trust can make in the financial year. There is a combined cash limit for both revenue and capital.
Commissioning	Purchase of healthcare from external service provides (NHS, other public sector, private and voluntary) to meet the needs of the population.
Current assets	Receivables, inventories, cash or similar, whose value is, or can be converted into, cash within the next twelve months.
GDS	General Dental Services
GMS	General Medical Services
Governance	Governance is the system by which organisations are directed and controlled. It is concerned with how the organisation is run, how it is structured and how it is led. Corporate governance should underpin all that an organisation does. In the NHS, this means it must encompass clinical, financial and organisational aspects.
GP	General Practitioner
Gross operating costs	This is the total revenue expenditure, including accruals and provisions, incurred in the course of performing all aspects of the Trust's functions during the year.
Intangible assets	Brand value or some other right (for example, a software licence), which although invisible is likely to derive financial benefit for its owner in the future, and for which you might be willing to pay.
MEA	Modern Equivalent Asset Value. This is the methodology used by the District Valuer in the course of valuing property assets.
Miscellaneous income	Income that relates directly to the operating activities of the Trust. This excludes cash voted by Parliament and drawn down by the Trust from the Department of Health, which is credited to the general fund.
Non-current assets	Land, buildings, equipment and other long term assets that are expected to have a life of more than one year.
Payment by results (PBR)	A financial framework in which providers are paid according to the level of activity undertaken. Payment is based on a national tariff.
PDS	Personal Dental Services
PMS	Personal Medical Services
Primary care trust	Primary care organisations that provide and manage services delivered within the primary and community care sector, as well as commission acute and other services for its population.
Programme	Any costs that relate to the provision of healthcare or healthcare related services
Property Plant & Equipment	A sub-classification of non-current assets, which include land, buildings, equipment and fixtures and fittings.
QOF	Quality and Outcomes Framework. A points based framework which rewards GPs for achieving certain pre-set outcomes.
Resource limit	Expenditure limits are determined for each NHS organisation by the Department of Health for both revenue and capital, which limit the amount that may be expended on revenue purchases, as assessed on an accruals basis (that is, after adjusting for debtors and creditors).
Revenue	Ongoing or recurring running costs or funding for the general provision of services.
Running Costs (Administration)	Any costs that are not a direct payment for the provision of healthcare or healthcare related services.

FOREWORD TO THE ACCOUNTS

SOUTH TYNESIDE PRIMARY CARE TRUST

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

Page (S.T)

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	**8,765**	7,775
Other costs	5.1	**345,987**	338,544
Income	4	**(22,609)**	(24,165)
Net operating costs before interest		**332,143**	322,154
Investment income	9	**0**	0
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**1,185**	1,164
Net operating costs for the financial year		**333,328**	323,318
Transfers by absorption -(gains)		**0**	
Transfers by absorption - losses		**0**	
Net (gain)/loss on transfers by absorption		**0**	
Net Operating Costs for the Financial Year including absorption transfers		**333,328**	323,318
Of which:			
Administration Costs			
Gross employee benefits	7.1	**7,691**	7,644
Other costs	5.1	**10,001**	8,894
Income	4	**(11,016)**	(10,676)
Net administration costs before interest		**6,676**	5,862
Investment income	9	**0**	0
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**0**	0
Net administration costs for the financial year		**6,676**	5,862
Programme Expenditure			
Gross employee benefits	7.1	**1,074**	131
Other costs	5.1	**335,986**	329,650
Income	4	**(11,593)**	(13,489)
Net programme expenditure before interest		**325,467**	316,292
Investment income	9	**0**	0
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**1,185**	1,164
Net programme expenditure for the financial year		**326,652**	317,456

Other Comprehensive Net Expenditure	2012-13 £000	2011-12 £000
Impairments and reversals put to the Revaluation Reserve	**129**	152
Net (gain) on revaluation of property, plant & equipment	**(92)**	(80)
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*	**333,365**	323,390

The notes on pages 5 to 40 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	**34,214**	36,307
Intangible assets	13	**0**	0
investment property	15	**0**	0
Other financial assets	21	**0**	0
Trade and other receivables	19	**0**	0
Total non-current assets		**34,214**	36,307
Current assets:			
Inventories	18	**0**	0
Trade and other receivables	19	**4,037**	5,660
Other financial assets	36.1	**0**	0
Other current assets	22	**0**	0
Cash and cash equivalents	23	**37**	12
Total current assets		**4,074**	5,672
Non-current assets held for sale	24	**0**	0
Total current assets		**4,074**	5,672
Total assets		**38,288**	41,979
Current liabilities			
Trade and other payables	25	**(16,784)**	(18,180)
Other liabilities	26,28	**0**	0
Provisions	32	**(1,509)**	(751)
Borrowings	27	**(484)**	(461)
Other financial liabilities	36.2	**0**	0
Total current liabilities		**(18,777)**	(19,392)
Non-current assets plus/less net current assets/liabilities		**19,511**	22,587
Non-current liabilities			
Trade and other payables	25	0	0
Other Liabilities	28	0	0
Provisions	32	(1,133)	(246)
Borrowings	27	(15,982)	(16,466)
Other financial liabilities	36.2	0	0
Total non-current liabilities		**(17,115)**	(16,712)
Total Assets Employed:		**2,396**	5,875
Financed by taxpayers' equity:			
General fund		436	3,609
Revaluation reserve		1,960	2,266
Other reserves		0	0
Total taxpayers' equity:		**2,396**	5,875

The notes on pages 5 to 40 form part of this account.

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

Designated Signing Officer: Date: 5th June 2013

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

	General fund	Revaluation reserve	Other reserves	Total reserves
	£000	£000	£000	£000
Balance at 1 April 2012	**3,609**	**2,266**	**0**	**5,875**
Changes in taxpayers' equity for 2012-13				
Net operating cost for the year	(333,328)			**(333,328)**
Net gain on revaluation of property, plant, equipment		92		**92**
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		(129)		**(129)**
Movements in other reserves			0	**0**
Transfers between reserves	269	(269)		**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	**(333,059)**	**(306)**	**0**	**(333,365)**
Net Parliamentary funding	329,886			**329,886**
Balance at 31 March 2013	**436**	**1,960**	**0**	**2,396**

Balance at 1 April 2011	2,828	2,359	0	5,187
Changes in taxpayers' equity for 2011-12				
Net operating cost for the year	(323,318)			(323,318)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment		80		80
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		(151)		(151)
Movements in other reserves			0	0
Transfers between reserves	22	(22)		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	(323,296)	(93)	0	(323,389)
Net Parliamentary funding	324,077			324,077
Balance at 31 March 2012	3,609	2,266	0	5,875

Statement of cash flows for the year ended 31 March 2013

	NOTE	2012-13 £000	2011-12 £000
Cash Flows from Operating Activities			
Net Operating Cost Before Interest		**(332,143)**	(322,154)
Depreciation and Amortisation		**1,538**	1,726
Impairments and Reversals		**1,423**	(211)
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		**(1,178)**	(1,157)
Release of PFI/deferred credit		**0**	0
(Increase)/Decrease in Inventories		**0**	0
(Increase)/Decrease in Trade and Other Receivables		**1,623**	(1,521)
(Increase)/Decrease in Other Current Assets		**0**	0
Increase/(Decrease) in Trade and Other Payables		**(1,469)**	2,338
(Increase)/Decrease in Other Current Liabilities		**0**	0
Provisions Utilised		**(93)**	(477)
Increase/(Decrease) in Provisions		**1,732**	692
Net Cash Inflow/(Outflow) from Operating Activities		**(328,567)**	(320,764)
Cash flows from investing activities			
Interest Received		**0**	0
(Payments) for Property, Plant and Equipment		**(832)**	(2,872)
(Payments) for Intangible Assets		**0**	0
(Payments) for Other Financial Assets		**0**	0
(Payments) for Financial Assets (LIFT)		**0**	0
Proceeds of disposal of assets held for sale (PPE)		**0**	0
Proceeds of disposal of assets held for sale (Intangible)		**0**	0
Proceeds from Disposal of Other Financial Assets		**0**	0
Proceeds from the disposal of Financial Assets (LIFT)		**0**	0
Loans Made in Respect of LIFT		**0**	0
Loans Repaid in Respect of LIFT		**0**	0
Rental Revenue		**0**	0
Net Cash Inflow/(Outflow) from Investing Activities		**(832)**	(2,872)
Net cash inflow/(outflow) before financing		**(329,399)**	(323,636)
Cash flows from financing activities			
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		**(462)**	(439)
Net Parliamentary Funding		**329,886**	324,077
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		**329,424**	323,638
Net increase/(decrease) in cash and cash equivalents		**25**	2
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		**12**	10
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		**37**	12

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.

Under the provisions of ***The Health and Social Care Act 2012 (Commencement No.4 Transitional, Savings and Transitory Provisions) Order 2013,*** South Tyneside PCT was dissolved on 1st April 2013. The PCT's functions, assets and liabilities transferred to other public sector entities as outlined in Note 42.2 ***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 SORP has therefore been drawn up at the 31st March 2013 on the same basis as would be a continuing entity. In particular, while the PCT has sought to revalue Land and Buildings, there has been no other general revaluation of assets and liabilities, and no disclosures have been made under IFRS 5 ***Non-current Assets Held for Sale and Discontinued Operation*** .

1.1 Accounting Conventions

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

Transforming Community Services (TCS) transactions

Under the TCS initiative, services historically provided by PCTs have transferred to other providers - notably NHS Trusts and NHS Foundation Trusts. Such transfers fall to be accounted for by use of ***absorption accounting in line with the Treasury FReM. The FReM does not require retrospective adoption, so prior year transactions (which have been accounted for under merger accounting) have not been restated. Absorption accounting requires that entities account for their transactions in the period in which they took place, with no restatement of performance required when functions transfer within the public sector. Where assets and liabilities transfer, the gain or loss resulting is recognised in the SOCNE, and is disclosed separately from operating costs.***

Acquisitions and Discontinued Operations

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

Critical accounting judgements and key sources of estimation uncertainty

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

Critical judgements in applying accounting policies

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

Assets in the course of construction have been assessed and included within the financial statements at the estimated proportion of MEA value to date. The balance of payments has been recognised as expenditure immediately.

The PCT has made a provision for all debts which are over three month old and still outstanding as at 31 March 2013.

The PCT has included a provision in the accounts for the estimated value of Continuing Healthcare cases which are outstanding and remain to be assessed at the 31st March 2013. The estimate is based upon the number of cases, potential value, qualifying period, and the likelihood of success.

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.

For the past two years due to the current national economic climate there has been substantial volatility in asset valuations. This continues to be an uncertain area and values could continue to change within the short to medium term. To ensure that values recorded within the financial statements are as accurate as possible the PCT sought revised March 2013 valuations from the District Valuer.

Other key sources of estimation are in relation to Primary Care expenditure and more detail in respect of estimation techniques assumptions made and amounts recorded are reported within note 5.2 on page 20 of these accounts.

1. Accounting policies (continued)

1.2 Revenue and Funding

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

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

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

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

1. 3 Expenditure

Expenditure is accounted for using the accruals convention.

1.4 Pooled budgets

The PCT has a pooled budget arrangement with South Tyneside Local Authority for the provision of a joint equipment store, which the Local authority hosts. The expenditure during the year contributed to the objectives of creating a single pooled budget to support the integrated service delivery and improving standards of service. The Primary Care Trust accounts for its share of the income and expenditure of the pool as determined by the pooled budget

The PCT has a pooled budget arrangement with South Tyneside Local Authority for S75 of the National Health Service Act 2005 for activities in Learning Disabilities. The Primary Care Trust accounts for its share of the income and expenditure of the pool as determined by the pooled budget agreement.

The PCT acts as host organisation for a Drug Action Team pooled budget with the Local Authority. The main aim of the pooled budget is to bring Drug Awareness and Prevention to the population who live within the boundaries of South Tyneside Primary Care Trust. It is funded through centrally allocated Department of Health resources.

1.5 Taxation

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

1.6 Administration and Programme Costs

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

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

1. Accounting policies (continued)

1.7 Property, Plant & Equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

Valuation

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

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

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

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

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost excludes items considered not to have intrinsic value under the MEA methodology i.e. demolitions, some professional fees, which are recognised as expenses immediately. Assets are revalued and depreciation commences when they are brought into use.

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

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

Subsequent expenditure

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

1. Accounting policies (continued)

1.8 Intangible Assets

Recognition

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

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

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

Measurement

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

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

1.9 Depreciation, amortisation and impairments

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

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

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

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

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

1. Accounting policies (continued)

1.10 Donated assets

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

South Tyneside PCT did not hold donated assets at 31 March 2013 so this change in accounting policy does not affect these set of accounts.

1.11 Government grants

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

1.12 Non-current assets held for sale

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

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

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

The PCT does not have any non-current assets held for sale as at 31st March 2013 nor did it at 31st March 2012 and therefore this policy does not impact on this set of accounts

1.13 Inventories

As inventories that the PCT uses are consumables of low value and high turnover the PCT has not accounted for any inventories at 31 March 2013, nor did it at 31 March 2012.

1.14 Cash and cash equivalents

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

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

1.15 Losses and Special Payments

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

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

1.16 Clinical Negligence Costs

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

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

1. Accounting policies (continued)

1.17 Employee benefits

Short-term employee benefits

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

Retirement benefit costs

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

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

1.18 Research and Development

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

1.19 Other expenses

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

1.20 Grant making

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

1.21 EU Emissions Trading Scheme

EU Emission Trading Scheme allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the NHS body makes emissions, a provision is recognised with an offsetting transfer from deferred income. The provision is settled on surrender of the allowances. The asset, provision and deferred income are valued at fair value at the end of the reporting period.
The PCT do not have any EU Emissions Trading scheme allowances as at 31st March 2013 nor did it have any at 31st March 2012 and therefore this policy does not impact on this set of accounts.

1.22 Contingencies

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

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

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

1. Accounting policies (continued)

1.23 Leases

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

The PCT as lessee

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

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

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

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

The PCT as lessor

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

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

1.24 Foreign exchange

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

1.25 Provisions

Provisions are recognised when the PCT has a present legal or constructive obligation as a result of a past event, it is probable that the PCT will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of 2.2% (2.35% in respect of early staff departures) in real terms.

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

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

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

1. Accounting policies (continued)

1.26 Financial Instruments

Financial assets

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

Financial assets are initially recognised at fair value.

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

During the year the PCT held no financial assets classified as being at fair value through profit and loss, no investments held until maturity nor any financial assets available for sale. The only financial assets held were loans

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 PCT does not have any transactions falling within the scope of this guidance.

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.

There were no financial assets carried at amortised cost during the year.

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.

The PCT held no financial liabilities at fair value through profit and loss at any time during the year, all being classified as "other" financial liabilities.

Other financial liabilities

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

1. Accounting policies (continued)

1.27 Private Finance Initiative (PFI) and NHS LIFT transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes (including NHS LIFT) where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The PCT therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

a) Payment for the fair value of services received;
b) Payment for the PFI asset, including finance costs; and
c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

a) Services received

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

b) PFI and LIFT assets, liabilities, and finance costs

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 ***the present value of the minimum lease payments*** in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the PCT's approach for each relevant class of asset in accordance with the principles of IAS 16."

A 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 ***present value of the minimum lease payments*** and is subsequently measured as a finance lease liability in accordance with IAS 17.

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

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

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

1. Accounting policies (continued)

c) Lifecycle replacement
Components of the asset replaced by the operator during the contract ('lifecycle replacement') are 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.

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

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

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

1.29 Accounting standards issued that have been adopted early
The PCT adopted no Accounting Standards early.

1.30 Integrated Management Structure

Gateshead PCT, South Tyneside PCT and Sunderland TPCT operate their corporate functions through a shared management structure. This is achieved through an integrated management arrangement which was agreed by the respective boards early in 2007. The costs of the management structure are shared on a proportionate share of population which for 2012/13 resulted in Gateshead PCT being charged 31.11%, Sunderland TPCT 44.59% and South Tyneside PCT 24.30%. This excludes the costs of Estate Maintenance which is shared out on a proportionate share between PCT's based on floor areas of the individual PCT buildings.
From 1st April 2010 Sunderland Teaching PCT managed the corporate services of NHS South of Tyne and Wear on behalf of Gateshead Primary Care Trust and South Tyneside Primary Care Trust. This results in costs of services being recorded gross with corresponding income from recharges to other PCTs. The effect is that the net cost to Sunderland Teaching PCT is charged to the operating Cost statement.

1.31 Services managed on behalf of other Primary Care Trusts
From 1st April 2010 South Tyneside PCT managed the North East Primary Care Services Agency and the North of England Cancer Network on behalf of other Primary Care Trusts. This results in costs of services being recorded gross with corresponding income from recharges to other PCTs. The effect is that the net cost to South Tyneside PCT is charged to the operating cost statement.

2 Operating segments

From 2010-11 the PCT began hosting the 'North East Primary Care Services Agency' (previously known as North East Family Health Services Authority) and 'North of England Cancer Network' (previously North East Cancer Network) (both transferred from Sunderland Teaching PCT) which while it is a commissioning function does have a distinct role that is different to the main Commissioning function of the PCT and was consequently regarded as a segment within its own right.

The main services provided in each segment of the PCT are as follows:

Commissioning	The Purchase of healthcare from external service providers (NHS, other public sector, private and voluntary) to meet the health needs of the population of South Tyneside
North East Primary Care Services Agency (NEPCSA)	In addition to the commissioning functionsSouth Tyneside Primary Care Trust is also the host organisation for the NEPCSA who are responsible for supporting commissioning primary healthcare services from Primary Care Practitioners for the population of the North East Strategic Health Authority Area. This includes General Medical Practitioners, Dentists, Opticians and Pharmacists.
North of England Cancer Network (NECN)	The NECN is the organisation whose aim it is to improve cancer services across the North of England and ensure consistent equitable and effective cancer services across the patch.

	Commissioning		**NEPCSA**		**NECN**		**Total**	
	2012-13	2011-12	**2012-13**	2011-12	**2012-13**	2011-12	**2012-13**	2011-12
	£000	£000	**£000**	£000	**£000**	£000	**£000**	£000
Expenditure	**332,201**	326,254	**10,695**	10,173	**13,041**	11,056	**355,937**	347,483
Surplus/(Deficit)								
Segment surplus/(deficit)	**(280)**	(633)	**735**	232	**886**	2,107	**1,341**	1,706
Common costs	**0**	0	**0**	0	**0**	0	**0**	0
Surplus/(deficit) before interest	**(280)**	**325,621**	**735**	**232**	**886**	**2,107**	**1,341**	327,960
Net Assets:								
Segment net assets	**565**	3,233	**945**	535	**886**	2,107	**2,396**	5,875

Net Asset valuation for each segment relates to the value included on the Statement of Financial Position as at 31st March 2012.

2012-13
Included within income the PCT received £11.6m from other PCT's in respect of services hosted by South Tyneside Primary Care Trust. £10.0m related to the North East Primary Care Services Agency, North of England Cancer Network £0.6m and £1.0m was in respect of other hosted commissioning services.

The PCT received £2.8m from South Tyneside NHS Foundation Trust in respect of providing an Estates service. All of this is recorded in the Commissioning segment.

It should be noted that total expenditure with South Tyneside NHS Foundation Trust amounted to £120,863k in 2012-13. The majority of this spend is within the Commissioning segment.

2011-12
Included within income the PCT received £11.4m from other PCT's in respect of services hosted by South Tyneside Primary Care Trust. £9.8m related to the North East Primary Care Services Agency North of England Cancer Network, £0.5m and £1.1m was in respect of other hosted commissioning services.

The PCT received £3.7m from South Tyneside NHS Foundation Trust in respect of providing an Estates service. All of this is recorded in the Commissioning segment.

Transactions between segments is recorded within the relevant segments of the PCT but consolidated within the body of the PCT accounts to ensure Income and Expenditure is not duplicated.

It should be noted that total expenditure with South Tyneside NHS Foundation Trust amounted to £122,107k in 2011-12. The majority of this spend is within the Commissioning segment.

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		323,318
Net operating cost plus (gain)/loss on transfers by absorption	**333,328**	
Revenue Resource Limit	**333,406**	323,860
Under/(Over)spend Against Revenue Resource Limit (RRL)	**78**	542

In line with the Operating Framework, the SHA has maintained a strategic reserve for transfers to/from PCTs. The cumulative balance held within the reserve in respect of South Tyneside PCT at 31st March 2013 is £1000k.

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	**958**	2,632
Charge to Capital Resource Limit	**905**	2,527
(Over)/Underspend Against CRL	**53**	105

3.3 Under/(Over)spend against cash limit

	2012-13 £000	2011-12 £000
Total Charge to Cash Limit	**329,886**	324,077
Cash Limit	**331,299**	324,077
Under/(Over)spend Against Cash Limit	**1,413**	0

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

	2012-13 £000
Total cash received from DH (Gross)	288,525
Less: Trade Income from DH	(825)
Less/(Plus): movement in DH working balances	0
Sub total: net advances	**287,700**
(Less)/plus: transfers (to)/from other resource account bodies (free text note required)	0
Plus: cost of Dentistry Schemes (central charge to cash limits)	9,119
Plus: drugs reimbursement (central charge to cash limits)	33,067
Parliamentary funding credited to General Fund	**329,886**

4 Miscellaneous Revenue

	2012-13 Total	2012-13 Admin	2012-13 Programme	2011-12 Total
	£000	£000	£000	£000
Fees and Charges	**60**	5	55	474
Dental Charge income from Contractor-Led GDS & PDS	**2,437**		2,437	2,375
Prescription Charge income	**1,897**		1,897	1,696
Strategic Health Authorities	**113**	80	33	204
NHS Foundation Trusts	**2,624**	0	2,624	3,732
Primary Care Trusts - Other	**10,932**	10,924	8	11,393
Department of Health - Other	**825**	0	825	824
Recoveries in respect of employee benefits	**0**	0	0	82
Local Authorities	**425**	0	425	887
Education, Training and Research	**1,412**	7	1,405	826
Charitable and Other Contributions to Expenditure	**54**		54	79
Rental revenue from operating leases	**1,090**	0	1,090	1,143
Other revenue	**740**	0	740	450
Total miscellaneous revenue	**22,609**	**11,016**	**11,593**	24,165

Other Income

£685k relates to cancer drug fund revenue.
£13k relates to sponsorship revenue.
£42k relates to minor other schemes.

Estimation Techniques

Dental (Patient Charge Revenues)

This recognises that there is a time lag in the system re late submission of FP17's. An accrual is calculated based upon a 'Time Lag Report' which is produced by BSA Dental Services.

Prescription Charge Income

This recognises that there is a 3 month time lag in the system . An accrual is calculated based upon a 'Time Lag Report' which is produced by BSA Pharmacy Services.

Analysis of main movements

As was the case in the previous financial year there were several reasons for the reduction in miscellaneous revenue levels between the two years. The first relates to the write back of previous years service charges for Cleadon Park to the Local Authority of approximately £334k relating to charges raised in error in previous years.
The second reduction is due to the fact that in 2011/12 the PCT received non recurrent income relating to cancer drugs of approximately £800k that was not received in 2012/13.

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	**22,978**		22,978	21,752
Non-Healthcare	**5,568**	5,568	0	4,437
Total	**28,546**	**5,568**	**22,978**	26,189
Goods and Services from Other NHS Bodies other than FTs				
Goods and services from NHS Trusts	**256**	0	256	3,854
Goods and services (other, excl Trusts, FT and PCT))	**185**	72	113	596
Total	**441**	**72**	**369**	4,450
Goods and Services from Foundation Trusts	**202,052**	0	202,052	196,357
Purchase of Healthcare from Non-NHS bodies	**26,740**		26,740	24,924
Expenditure on Drugs Action Teams	**1,651**		1,651	1,187
Non-GMS Services from GPs	**313**	313	0	0
Contractor Led GDS & PDS (excluding employee benefits)	**11,747**		11,747	11,548
Chair, Non-executive Directors & PEC remuneration	**72**	72	0	71
Consultancy Services	**750**	190	560	486
Prescribing Costs	**26,839**		26,839	28,480
G/PMS, APMS and PCTMS (excluding employee benefits)	**23,804**	0	23,804	23,503
Local Pharmaceutical Services Pilots	**167**		167	101
New Pharmacy Contract	**8,708**		8,708	7,870
General Ophthalmic Services	**1,566**		1,566	1,618
Supplies and Services - Clinical	**301**	201	100	530
Supplies and Services - General	**484**	247	237	579
Establishment	**1,357**	1,070	287	1,315
Transport	**98**	83	15	107
Premises	**5,954**	1,787	4,167	5,909
Impairments & Reversals of Property, plant and equipment	**1,423**	0	1,423	(211)
Depreciation	**1,538**	163	1,375	1,670
Amortisation	**0**	0	0	56
Impairment of Receivables	**188**	0	188	52
Audit Fees	**79**	79	0	121
Other Auditors Remuneration	**24**	24	0	31
Education and Training	**379**	110	269	562
Other	**766**	22	744	1,039
Total Operating costs charged to Statement of Comprehensive Net Expenditure	**345,987**	**10,001**	**335,986**	338,544
Employee Benefits (excluding capitalised costs)				
PCT Officer Board Members	**27**	27	0	33
Other Employee Benefits	**8,738**	7,664	1,074	7,742
Total Employee Benefits charged to SOCNE	**8,765**	**7,691**	**1,074**	7,775
Total Operating Costs	**354,752**	**17,692**	**337,060**	346,319

	Total	Commissioning Services	Public Health
PCT Running Costs 2012-13			
Running costs (£000s)	**6,763**	5,830	933
Weighted population (number in units)*	**180,359**	180,359	180,359
Running costs per head of population (£ per head)	**37**	**32**	**5**
PCT Running Costs 2011-12			
Running costs (£000s)	**5,955**	5,347	608
Weighted population (number in units)	**180,359**	180,359	180,359
Running costs per head of population (£ per head)	**33**	**30**	**3**

2012 -13 PCT running costs include costs of redundancy and early retirements in relation to the Health and Social Care Act 2012. This has therefore resulted in an increase in respect of running costs.

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

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

5. Operating Costs

5.1 Analysis of operating costs (Continued)

(1) Healthcare from NHS bodies

During 2012/13 there have been a number of changes that have taken place that have led to changes in expenditure classifications between the 2 years, the main reasons being as follows:-

- During 2012/13 there has been a transfer of specialised services contracts from FT's to PCT's for approximately £3.5m.

- The full year effect of NEAS being a Foundation Trust has seen a reduction in NHS Trust expenditure of approximately £3.5m.

-Foundation Trust expenditure has now increased as a result of the NEAS transfer indicated above, the impact of inflation and general growth expenditure and a reduction as a result of the transfer of contracts to PCT expenditure.

(2) Non Healthcare from PCTs

There has been an increase between the two years as a result of the PCT being recharged its share of the corporate redundancy costs coupled with the impact of transitional costs.

(3) Other Expenditure includes:-

The main components in this heading are the costs of GP training £651k. £89k was in relation to Prescribing Incentive Scheme and £14k relate to other minor schemes.

(4) Employee Benefits

Within employee benefits, there is expenditure relating to redundancy costs amounting to £553k.

5.2 Analysis of operating expenditure by expenditure classification	2012-13 £000	2011-12 £000
Purchase of Primary Health Care		
GMS / PMS/ APMS / PCTMS	23,804	23,503
Prescribing costs	26,839	28,480
Contractor led GDS & PDS	11,747	11,548
General Ophthalmic Services	1,566	1,618
Local Pharmaceutical Services Pilots	167	101
New Pharmacy Contract	8,708	7,870
Other	740	869
Total Primary Healthcare purchased	**73,571**	73,989
Purchase of Secondary Healthcare		
Learning Difficulties	10,399	11,776
Mental Illness	33,573	32,240
Maternity	4,346	4,361
General and Acute	141,606	139,292
Accident and emergency	6,302	5,733
Community Health Services	23,270	24,532
Other Contractual	21,292	18,304
Total Secondary Healthcare Purchased	**240,788**	236,238
Total Healthcare Purchased by PCT	**314,359**	310,227
Healthcare from NHS FTs included above	202,052	179,959

Estimation Techniques

(1) GP Prescribing

Accrual for January, February and March 2013 expenditure based on Forecast Outturn figure produced by NHS Business Authority.

(2)Pharmacy Payments

Accrual for January February and March 2013 based upon extrapolation of monthly spend as shown on reports produced by the NHS Business Authority.

(3) GMS/PMS

- QOF Achievement

For accrual purposes it is assumed that all practices will achieve maximum outcomes. Further information regarding QOF can be found at the DH website.

6. Operating Leases

The PCT has a large number of leases, licences and service level agreements of varying term with 3rd party landlords including local authorities and other NHS bodies.

Significant leases and their features are:

Property	Contingent Rent Determination	Purchase Options	Escalation Clauses	Terms of Renewal	Restrictions imposed by lease
Clarendon	Not Applicable	None	None	Landlord & Tenant Act Section 2 Protection of renewal rights at term	Subletting and assignment subject to landlords consent

Clarendon lease has been transferred to South Tyneside NHS Foundation Trust as at 11th December 2012. Sunderland Teaching PCT has a lease disclosed in their accounts in respect to the Tower and BT Building which is occupied by the Primary Care Services Agency. All charges incurred by Sunderland Teaching PCT are recharged to South Tyneside PCT in the year in which they are incurred.

6.1 PCT as lessee

	Land £000	Buildings £000	Other £000	Total £000	£000
Payments recognised as an expense					
Minimum lease payments				**1,913**	1,880
Total				**1,913**	1,880
Payable:					
No later than one year	**0**	**782**	**64**	**846**	1,237
Between one and five years	**0**	**1,221**	**10**	**1,231**	2,447
After five years	**0**	**458**	**0**	**458**	666
Total	**0**	**2,461**	**74**	**2,535**	4,350

South Tyneside PCT has entered into certain financial arrangements involving the use of GP premises. Under:

IAS 17 Leases
SIC 27 Evaluating the substance of transactions involving the legal form of a lease
IFRIC 4 Determining whether an arrangement contains a lease.

The PCT has determined that those operating leases must be recognised, but, as there is no defined term in the arrangement(s) entered into, it is not possible to analyse the arrangement(s) over financial years. The amount included in the above note in respect of GP Premises is £782k (£635k 2011/12)

6.2 PCT as lessor

The PCT has a range of tenancies for primary care contractors. Most are historic implied business tenancies rolled over from historic arrangements. Other leases of varying terms are in place. The PCT is in the process of negotiating new leases to replace those occupancies with implied tenancies.

	2012-13 £000	2011-12 £000
Recognised as income		
Rental Revenue	**1,090**	1,143
Total	**1,090**	1,143
Receivable:		
No later than one year	**1,083**	1,143
Between one and five years	**2,409**	2,712
After five years	**9,520**	10,933
Total	**13,012**	14,788

The first table shows the amount included in Miscellaneous Revenue in respect of income received from tenants of buildings owned by the PCT for space utilised.

The second table records the amounts due in the future from tenants who occupy PCT owned buildings under non cancellable leases. The amounts recorded are cumulative annual payments due according to the time period that the lease expires.

7. Employee benefits and staff numbers

7.1 Employee benefits

	2012-13								
				Permanently employed					
	Total	Total Admin	Programme	Total	Admin	Programme	Total	Other Admin	Programme
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Employee Benefits - Gross Expenditure									
Salaries and wages	**6,878**	6,031	847	**6,586**	5,775	811	**292**	256	36
Social security costs	**495**	434	61	**495**	434	61	**0**	0	0
Employer Contributions to NHS BSA - Pensions Division	**768**	673	95	**768**	673	95	**0**	0	0
Other post-employment benefits	**71**	0	71	**71**	0	71	**0**	0	0
Termination benefits	**553**	553	0	**553**	553	0	**0**	0	0
Total employee benefits	**8,765**	**7,691**	**1,074**	**8,473**	**7,435**	**1,038**	**292**	**256**	**36**
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	**8,765**	**7,691**	**1,074**	**8,473**	**7,435**	**1,038**	**292**	**256**	**36**
Employee costs capitalised	**0**	0	0	**0**	0	0	**0**	0	0
Gross Employee Benefits excluding capitalised costs	**8,765**	**7,691**	**1,074**	**8,473**	**7,435**	**1,038**	**292**	**256**	**36**

Employee Benefits - Prior- year

	Total	Permanently employed	Other
	£000	£000	£000
Employee Benefits Gross Expenditure 2011-12			
Salaries and wages	**6,534**	6,309	225
Social security costs	**478**	478	0
Employer Contributions to NHS BSA - Pensions Division	**763**	763	0
Total gross employee benefits	**7,775**	**7,550**	**225**
Less recoveries in respect of employee benefits	**(82)**	(82)	0
Total - Net Employee Benefits including capitalised costs	**7,693**	**7,468**	**225**
Employee costs capitalised	**0**	0	0
Gross Employee Benefits excluding capitalised costs	**7,775**	**7,550**	**225**

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	**1**	1	0	1	1	0
Administration and estates	**233**	223	10	225	214	11
TOTAL	**234**	**224**	**10**	226	215	11
Of the above - staff engaged on capital projects	**0**	0	0	0	0	0

7.3 Staff Sickness absence and ill health retirements

	2012-13 Number	2011-12 Number
Total Days Lost	**1,932**	1,739
Total Staff Years	**223**	205
Average working Days Lost	**8.66**	8.48

	2012-13 Number	2011-12 Number
Number of persons retired early on ill health grounds	**1**	0
	£000s	£000s
Total additional pensions liabilities accrued in the year	**33**	0

7.4 Exit Packages agreed during 2012-13

	2012-13			2011-12		
Exit package cost band (including any special payment element)	***Number of compulsory redundancies**	***Number of other departures agreed**	**Total number of exit packages by cost band**	*Number of compulsory redundancies	*Number of other departures agreed	Total number of exit packages by cost band
	Number	**Number**	**Number**	Number	Number	Number
Lees than £10,000	**0**	**0**	**0**	0	0	0
£10,001-£25,000	**1**	**0**	**1**	0	0	0
£25,001-£50,000	**0**	**0**	**0**	0	0	0
£50,001-£100,000	**4**	**0**	**4**	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	**1**	**0**	**1**	0	0	0
Total number of exit packages by type (total cost	**6**	**0**	**6**	0	0	0
	£	**£**	**£**	£	£	£
Total resource cost	553,254	0	**553,254**	0	0	0

This note provides an analysis of Exit Packages agreed during the year. Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme. Where the PCT has agreed early retirements, the additional costs are met by the PCT and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

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

The exit costs of NHS South of Tyne and Wear corporate services as recorded in Sunderland TPCT 2012/13 accounts is £1,687k. South Tyneside PCT share of these costs is £410k which are recorded as Goods and Services from PCTs within note 5.1 in these accounts.

7.5 Pension costs

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

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

a) Accounting valuation

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

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

b) Full actuarial (funding) valuation

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

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

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

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

c) Scheme provisions

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

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

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

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

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of

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	**4,948**	**32,374**	5,006	33,445
Total Non-NHS Trade Invoices Paid Within Target	**4,807**	**32,161**	4,875	33,174
Percentage of NHS Trade Invoices Paid Within Target	97.15%	99.34%	97.38%	99.19%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**2,394**	**287,854**	2,200	244,550
Total NHS Trade Invoices Paid Within Target	**2,342**	**286,698**	2,155	243,113
Percentage of NHS Trade Invoices Paid Within Target	97.83%	99.60%	97.95%	99.41%

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

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

As in 2011-12 the PCT did not incur any costs during 2012-13 under the Late Payment of Commercial Debts (Interest) Act 1998.

9. Investment Income

The PCT did not receive any investment income in 2012-13 or 2011-12.

10. Other Gains and Losses

The PCT had no other gains or losses in 2012-13 or 2011-12.

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	**164**	**0**	**164**	168
Interest on obligations under LIFT contracts:				
- main finance cost	**747**	**0**	**747**	768
- contingent finance cost	**268**	**0**	**268**	221
Total interest expense	**1,179**	**0**	**1,179**	**1,157**
Provisions - unwinding of discount	**6**		**6**	7
Total	**1,185**	**0**	**1,185**	**1,164**

12.1 Property, plant and equipment

2012-13	Land	Buildings excluding dwellings	Assets under construction and payments on account	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:							
At 1 April 2012	**4,165**	**29,736**	**2,646**	**53**	**3,071**	**77**	**39,748**
Additions of Assets Under Construction			566				**566**
Additions Purchased	0	41		40	258	0	**339**
Reclassifications	0	2,646	(2,646)	0	0	0	**0**
Disposals other than for sale	0	0	0	0	(1,167)	(2)	**(1,169)**
Upward revaluation/positive indexation	0	92	0	0	0	0	**92**
Impairments/negative indexation	0	(129)	0	0	0	0	**(129)**
Reversal of Impairments	0	0	0	0	0	0	**0**
At 31 March 2013	**4,165**	**32,386**	**566**	**93**	**2,162**	**75**	**39,447**
Depreciation							
At 1 April 2012	**66**	**988**	**0**	**12**	**2,344**	**31**	**3,441**
Disposals other than for sale	0	0		0	(1,167)	(2)	**(1,169)**
Impairments	0	1,423	0	0	0	0	**1,423**
Reversal of Impairments	0	0	0	0	0	0	**0**
Charged During the Year	38	1,064		13	416	7	**1,538**
At 31 March 2013	**104**	**3,475**	**0**	**25**	**1,593**	**36**	**5,233**
Net Book Value at 31 March 2013	**4,061**	**28,911**	**566**	**68**	**569**	**39**	**34,214**
Purchased	4,061	28,911	566	68	569	39	**34,214**
Total at 31 March 2013	**4,061**	**28,911**	**566**	**68**	**569**	**39**	**34,214**
Asset financing:							
Owned	3,214	14,405	566	68	569	39	**18,861**
Held on finance lease	0	2,059	0	0	0	0	**2,059**
On-SOFP PFI contracts	847	12,447	0	0	0	0	**13,294**
Total at 31 March 2013	**4,061**	**28,911**	**566**	**68**	**569**	**39**	**34,214**

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Assets under construction & payments on account	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2012	**1,627**	**639**	**0**	**0**	**0**	**0**	**2,266**
Movements (specify)	0	(306)	0	0	0	0	**(306)**
At 31 March 2013	**1,627**	**333**	**0**	**0**	**0**	**0**	**1,960**

Additions to Assets Under Construction in 2012-13

	£000
Buildings excl Dwellings	566
Balance as at YTD	**566**

The District Valuer valuations as at 31st March 2013 resulted in a decrease in asset valuations of £632k (see Note 14) of which £129k was netted off against previous revaluations as held in the Revaluation Reserve. In addition there was a small increase in value of £92k for a few assets which has been transferred to the Revaluation Reserve.

In addition to these movements was a loss in value of Monkton Hall Hospital when bringing the asset into use in July 2012 of £920k of which £255k was disposed of within the revaluation reserve and written back to the general fund.

All other movements (£14k) relate to excess depreciation transferred back to the General Fund.

12.2 Property, plant and equipment

2011-12	Land	Buildings excluding dwellings	Assets under construction and payments on account	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	**£000**
Cost or valuation:							
At 1 April 2011	**4,115**	**28,535**	**1,996**	**888**	**3,166**	**199**	**38,899**
Additions - purchased	50	72	2,000	0	405	0	**2,527**
Reclassifications	0	1,448	(1,350)	(98)	0	0	**0**
Disposals other than by sale	0	0	0	(737)	(500)	(122)	**(1,359)**
Revaluation & indexation gains	0	80	0	0	0	0	**80**
Impairments	0	(259)	0	0	0	0	**(259)**
Reversals of impairments	0	107	0	0	0	0	**107**
Cumulative dep netted off cost following revaluatio	0	(247)	0	0	0	0	**(247)**
At 31 March 2012	**4,165**	**29,736**	**2,646**	**53**	**3,071**	**77**	**39,748**
Depreciation							
At 1 April 2011	**28**	**419**		**663**	**2,394**	**84**	**3,588**
Disposals other than for sale	0	0		(737)	(500)	(122)	**(1,359)**
Impairments	0	125	0	0	0	0	**125**
Reversal of Impairments	0	(336)	0	0	0	0	**(336)**
Charged During the Year	38	1,027		86	450	69	**1,670**
Cumulative dep netted off cost following revaluatio	0	(247)	0	0	0	0	**(247)**
At 31 March 2012	**66**	**988**	**0**	**12**	**2,344**	**31**	**3,441**
Net Book Value at 31 March 2012	**4,099**	**28,748**	**2,646**	**41**	**727**	**46**	**36,307**
Purchased	4,099	28,748	2,646	41	727	46	**36,307**
At 31 March 2012	**4,099**	**28,748**	**2,646**	**41**	**727**	**46**	**36,307**
Asset financing:							
Owned	3,215	13,545	2,646	41	727	46	**20,220**
Held on finance lease	0	2,197	0	0	0	0	**2,197**
On-SOFP PFI contracts	884	13,006	0	0	0	0	**13,890**
At 31 March 2012	**4,099**	**28,748**	**2,646**	**41**	**727**	**46**	**36,307**

12.3 Property, plant and equipment

Asset Valuations

All Land and Buildings have been revalued as at the 31st March 2013 and a full valuation exercise was completed by the District Valuer. All of these assets were valued on an MEA basis which is consistent with the method used as at 31st March 2012. In respect of those assets that were on Statement of Financial Position at the 31st March 2012 the DV calculated the current MEA valuation using a full valuation method updated to reflect current market conditions. All buildings are stated at a depreciated replacement cost valuation within the accounts.

A full valuation was provided for Monkton Hall Hospital (1 April 2012) on bringing the asset into full operational use. The DV then completed a full valuation exercise on 31st March 2013 similar to that produced for all other Land and Buildings as above.

The PCT also reviewed all of its other Non Current Assets and concluded that all assets are stated at fair value as at 31st March 2013.

There were only minor changes to asset lives in the revaluation exercise undertaken at 31st March 2013 but nothing that needs to be disclosed separately in the body of the accounts.

The PCT has reviewed the classification of Building with respect to potential to value construction elements separately and concluded that it is sufficient to manage building assets between structure engineering and external works level. There are no individual components at a material level that require recording separately.

12.4 Economic Lives of Non Current Assets
The following table records the asset lives for each class of asset:-

Economic Lives of Non-Current Assets	**Min life Years**	**Max life Years**
Property, Plant and Equipment		
Buildings exc Dwellings	5	69
Plant & Machinery	3	5
Information Technology	2	3
Fixtures and Fittings	7	7

13.1 Intangible non-current assets

2012-13	Software purchased £000	Total £000
At 1 April 2012	**232**	**232**
Disposals other than by sale	(232)	**(232)**
At 31 March 2013	**0**	**0**
Amortisation		
At 1 April 2012	**232**	**232**
Disposals other than by sale	(232)	**(232)**
Charged during the year	0	**0**
At 31 March 2013	**0**	**0**
Net Book Value at 31 March 2013	**0**	**0**

Revaluation reserve balance for intangible non-current assets

The PCT held nothing in the revaluation reserve for intangible non current assets in 2012-13 or 2011-12.

13.2 Intangible non-current assets

2011-12	Software purchased £000	Total £000
At 1 April 2011	232	232
Disposals other than by sale	0	0
At 31 March 2012	232	232
Amortisation		
At 1 April 2011	176	176
Disposals other than by sale	0	0
Charged during the year	56	56
At 31 March 2012	232	232
Net Book Value at 31 March 2012	0	0

13.3 Intangible non-current assets

The PCT reviewed all of its intangible Non Current Assets and concluded that as the assets have been fully depreciated that it is correct that the Net Book Value as at 31 March 2013 is nil. It has also been concluded to write these out of the PCTs books as at 31st March 2013 entirely due to the cessation of PCTs at this date and their useful life is now finished.

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			
Other	920		920
Changes in market price	503		503
Total charged to Annually Managed Expenditure	**1,423**		**1,423**
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve			
Changes in market price	129		
Total impairments for PPE charged to reserves	**129**		
Total Impairments of Property, Plant and Equipment	**1,552**	**0**	**1,423**
Total Impairments charged to Revaluation Reserve	129		
Total Impairments charged to SoCNE - AME	1,423		1,423
Overall Total Impairments	**1,552**	**0**	**1,423**
Of which:			
Impairment on revaluation to "modern equivalent asset" basis	0	0	0

Due to the down turn in market conditions there was a decrease of asset valuations as at 31st March 2013 on most of the PCT building assets. These were assessed by the District Valuer and resulted in an decrease in value of £632k, of which £503k was charged to SoCNE and £129k charged to the revaluation reserve.

Monkton Hall incurred an impairment of £920k charged to SoCNE when the hospital was brought into operational use in July 2012.

15 Investment property

The PCT did not hold any investment property as at 31 March 2013 nor did it hold any at 31 March 2012.

16 Commitments

16.1 Capital commitments

Although the PCT does not have any capital commitments as at 31st March 2013 because it ceases to exist after 31st March 2013 there is an existing

Marsden Road Health Centre refurbishment **£40k**

16.2 Other financial commitments

The PCT had not entered into any other non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements) as

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	1,393	0	1,466	0
Balances with Local Authorities	510	0	878	0
Balances with NHS Trusts and Foundation Trusts	933	0	2,330	0
Balances with bodies external to government	1,201	0	12,110	0
At 31 March 2013	**4,037**	**0**	**16,784**	**0**
prior period:				
Balances with other Central Government Bodies	648	0	1,616	0
Balances with Local Authorities	2,427	0	1,292	0
Balances with NHS Trusts and Foundation Trusts	860	0	3,897	0
Balances with bodies external to government	1,725	0	11,375	0
At 31 March 2012	**5,660**	**0**	**18,180**	**0**

18 Inventories

As disclosed in accounting policy note 1.13 the PCT does not account for inventories due to the low value and high turnover of consumables.

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	**2,074**	1,399	**0**	0
Non-NHS receivables - revenue	**757**	1,014	**0**	0
Non-NHS prepayments and accrued income	**1,210**	2,002	**0**	0
Provision for the impairment of receivables	**(279)**	(125)	**0**	0
VAT	**252**	109	**0**	0
Operating lease receivables	**18**	1,251	**0**	0
Other receivables	**5**	10	**0**	0
Total	**4,037**	5,660	**0**	0
Total current and non current	**4,037**	5,660		
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.

The majority of the remaining trade debt relates to amounts due from other Central Government bodies for which their credit worthiness is assumed as good. Other organisations with smaller debts are also assumed as good and where there is any doubt a provision has been made in the accounts.

Other Receivables relate to outstanding amounts due from staff in respect of overpayment of salaries, salary advances and/or amounts due under the contract car lease scheme for private use.

19.2 Receivables past their due date but not impaired

	31 March 2013 £000	31 March 2012 £000
By up to three months	**838**	1,642
By three to six months	**2**	13
By more than six months	**2**	437
Total	**842**	2,092

The PCT does not hold any collateral against any of these debts.

19.3 Provision for impairment of receivables

	2012-13 £000	2011-12 £000
Balance at 1 April 2012	**(125)**	(96)
Amount written off during the year	**34**	23
Amount recovered during the year	**40**	17
(Increase)/decrease in receivables impaired	**(228)**	(69)
Balance at 31 March 2013	**(279)**	(125)

The PCT has made a provision for all debts which are over three month old and still outstanding at 31 March 2013. Only where the PCT has an agreement with another NHS body through the Agreement of Balances exercise that the debt will be settled or the debt has actually been settled prior to submission of draft accounts has a debt over three months old not been provided for.

20 NHS LIFT investments

As at 31 March 2013 South Tyneside PCT is involved in one LEP Scheme which is similar to LIFT, however no investment has been made by the PCT in the scheme.

21.1 Other financial assets - Current

As at 31 March 2013 the PCT did not have any other current financial assets (31st March 2012 £0).

21.2 Other Financial Assets - Non Current

As at 31 March 2013 the PCT did not have any other non current financial assets (31st March 2012 £0).

21.3 Other Financial Assets - Capital Analysis

As at 31 March 2013 the PCT did not have any other capital financial assets (31st March 2012 £0).

22 Other current assets

As at 31 March 2013 the PCT did not have any other current assets (31st March 2012 £0).

23 Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Opening balance	**12**	10
Net change in year	**25**	2
Closing balance	**37**	12
Made up of		
Cash with Government Banking Service	**19**	1
Commercial banks	**0**	0
Cash in hand	**18**	11
Cash and cash equivalents as in statement of financial position	**37**	12
Cash and cash equivalents as in statement of cash flows	**37**	12
Patients' money held by the PCT, not included above	**0**	0

24 Non-current assets held for sale

The PCT do not hold any non current assets for sale as at 31st March 2013 (31 March 2012 £0).

25 Trade and other payables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
NHS payables - revenue	**3,767**	5,033	**0**	0
NHS accruals and deferred income	**0**	419	**0**	0
Family Health Services (FHS) payables	**8,793**	9,631		
Non-NHS payables - revenue	**587**	1,034	**0**	0
Non-NHS payables - capital	**73**	0	**0**	0
Non-NHS accruals and deferred income	**3,543**	2,063	**0**	0
Tax	**2**	0		
Other	19	0	0	0
Total	**16,784**	18,180	**0**	0
Total payables (current and non-current)	**16,784**	**18,180**		

26 Other liabilities

The PCT had no other liabilities as at 31 March 2013 (31 March 2012 £0).

27 Borrowings

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
LIFT liabilities:				
Main liability	**413**	394	**13,591**	14,004
Finance lease liabilities	**71**	67	**2,391**	2,462
Total	**484**	**461**	**15,982**	**16,466**
Total other liabilities (current and non-current)	**16,466**	**16,927**		

Borrowings/Loans - Payment of Principal Falling Due in:

	DH £000s	**Other £000s**	**Total £000s**
0 - 1 Years	0	484	**484**
1 - 2 Years	0	490	**490**
2 - 5 Years	0	1,688	**1,688**
Over 5 Years	0	13,804	**13,804**
TOTAL	**0**	**16,466**	**16,466**

28 Other financial liabilities

As at 31 March 2013 the PCT did not have any other financial liabilities (31st March 2012 £0).

29 Deferred income

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
Opening balance at 1 April 2012	**0**	150	**0**	0
Deferred income addition	**0**	0	**0**	0
Transfer of deferred income	**0**	(150)	**0**	0
Current deferred Income at 31 March 2013	**0**	0	**0**	0
Total other liabilities (current and non-current)	**0**	**0**		

30 Finance lease obligations

The costs below relate to a lease that the PCT has in respect of the Glen Medical Centre over a period of 25 years which is due to expire in 2032. There are no break clauses in the lease.

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	**230**	230	**71**	67
Between one and five years	**922**	922	**333**	313
After five years	**3,169**	3,401	**2,058**	2,149
Less future finance charges	**(1,859)**	(2,024)		
Present value of minimum lease payments	**2,462**	2,529	**2,462**	2,529
Included in:				
Current borrowings			**71**	67
Non-current borrowings			**2,391**	2,462
			2,462	2,529

Future sublease payments expected to be received total £0 (prior year £0)
Contingent rents recognised as an expense £22k (prior year £4k)
Subletting and assignment is subject to landlords consent and lease renewal options are prescribed by the Landlord and Tenants Act Section 2
There are no escalation clauses or purchase options.

Amounts payable under finance leases (Land)

There was nothing payable for finance leases (land) as at 31 March 2013 (31 March 21012 £0).

Amounts payable under finance leases (Other)

There was nothing payable for finance leases (other) as at 31 March 2013 (31 March 21012 £0).

31 Finance lease receivables as lessor

As at 31 March 2013 the PCT did not have any finance lease receivables (31st March 2012 £0).

32 Provisions

Comprising:

	Total £000s	Pensions Relating to Other Staff £000s	Legal Claims £000s	Restructuring £000s	Continuing Care £000s	Other £000s
Balance at 1 April 2012	**997**	239	10	0	600	148
Arising During the Year	**1,826**	6	2	65	1,753	0
Utilised During the Year	**(93)**	(47)	0	0	0	(46)
Reversed Unused	**(106)**	0	(4)	0	0	(102)
Unwinding of Discount	**6**	6	0	0	0	0
Change in Discount Rate	**12**	12	0	0	0	0
Transferred (to)/from other Public Sector bodies	**0**	0	0	0	0	0
Balance at 31 March 2013	**2,642**	**216**	**8**	**65**	**2,353**	**0**
Expected Timing of Cash Flows:						
No Later than One Year	**1,509**	**35**	**8**	**65**	**1,401**	**0**
Later than One Year and not later than Five Years	**1,092**	**140**	**0**	**0**	**952**	**0**
Later than Five Years	**41**	**41**	**0**	**0**	**0**	**0**

Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:	
As at 31 March 2013	602
As at 31 March 2012	66

Pensions

Pension provisions of £216k recorded above are based on information as provided by the NHS Pensions Agency. The timing and uncertainty of these provisions are based on Average life span figures as provided by the NHS Pensions Agency.

Legal Claims

The £8k relates to excess charges in respect of non clinical litigation claims being handled on behalf the PCT by the NHSLA, that are outstanding as at the 31st March 2013. Information provided by the NHSLA indicates that these will be settled within the next financial year.

Restructuring

The PCT has provided £65k at 31 March 2013 to cover outstanding costs in respect of redundancies and early retirements that were agreed in 2012-13 in connection with the Health and Social Care bill.

Continuing Care

Having reviewed the number of cases outstanding regarding Continuing Care and in accordance with guidance the PCT has included a provision of £2,353k in its accounts in respect of outstanding continuing healthcare cases and the provision is based on success rate of past cases . The PCT are expecting to settle these within the next 18 months.

33 Contingencies

	31 March 2013 £000	31 March 2012 £000
Contingent liabilities		
Other	**(3)**	(7)
Net Value of Contingent Liabilities	**(3)**	(7)

Legal

There is 1 case relating to excess in respect of non clinical cases held by NHSLA on behalf of PCT amounting to £3k.

Contingent Assets

The PCT has not recognised any contingent assets as at 31st March 2013 (31 March 2012 £0).

34 PFI and LIFT - additional information

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

Charges to operating expenditure and future commitments in respect of on and off SOFP LIFT	31 March 2013 £000	31 March 2012 £000
Service element of on SOFP LIFT charged to operating expenses in year	**346**	320
Total	**346**	320

	31 March 2013 £000	31 March 2012 £000
Payments committed to in respect of off SOFP LIFT and the service element of on SOFP LIFT.		
LIFT Scheme Expiry Date:		
No Later than One Year	**289**	280
Later than One Year, No Later than Five Years	**1,185**	1,057
Later than Five Years	**6,696**	4,656
Total	**8,170**	5,993

34.2 Imputed "finance lease" obligations for on SOFP LIFT Contracts due

Cleadon Park Primary Care Centre was constructed for South Tyneside PCT by STAG PCT (Project Co) Limited, which is a special purpose company formed by Inspiredspaces, a Carillion company.

The governing document is a Lease Plus Agreement entered into on 29th July 2008 and expiring on 11th April 2035. The property is owned by Project Co under a long lease from South Tyneside Council. The PCT holds the LPA in respect of the entire premises with their partners. South Tyneside Council holding a tenancy for 19.6% of the building under a back to back Under Lease Plus Agreement for the same term. There are also other underleases to additional tenants, including a pharmacy and a GP practice.

The lease payments include the maintenance, decoration, repair and life cycle (the FM Services) of the entire building and plant for the full term.

The lease price was fixed through a tendering process (following the competitive dialogue process) at 2006 prices inflated by RPI every year. Performance penalties are deductible for failure by Project Co to meet the service standards for the FM Services. Also a gainshare/painshare agreement exists in respect of Gas/electricity usage by reference to annual targets. Payments are also made for rates and insurance, which are treated as pass through costs.

Immediately before termination of the lease period, the PCT has the first option to purchase the property and plant, the price being based on the then actual market value of the premises, less an adjustment, which is designed to ensure that both the PCT and Project CO share the benefit of any increase in value over and above the agreed Residual Value. If the PCT chooses not to exercise the option, then at the end of the term it must yield up the premises in good repair (on normal commercial lease terms).

The PCT has the absolute right to occupy, use and provide services from the Primary Care centre, let and sub-let it as required, within normal commercial acceptable parameters.

Alterations to the building and/or additional FM services must be commissioned at additional cost negotiated separately with STAG, payable either as a bullet payment or amendment to the annual premium.

The contract as outlined above is a Local Education Partnership (LEP) but because of similarities to LIFT schemes the contract has been accounted for using the policies which apply to LIFT contracts.

In respect of the contract above, under IFRIC 12, the asset is treated as an asset of the PCT as the substance of the contract is that the PCT has a finance lease and payments comprises of two elements - imputed finance lease charges and service charges - and details of the imputed finance lease are included in the following table.

	31 March 2013 £000	31 March 2012 £000
No Later than One Year	**1,140**	1,141
Later than One Year, No Later than Five Years	**4,531**	4,524
Later than Five Years	**17,863**	19,010
Subtotal	**23,534**	24,675
Less: Interest Element	**(9,529)**	(10,277)
Total	**14,005**	14,398

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	**597**	0	597
Interest Expense	**1,015**	0	1,015
Other Expenditure	**380**	0	380
Revenue Receivable from subleasing	**(503)**	0	(503)
Total IFRS Expenditure (IFRIC12)	**1,489**	**0**	**1,489**
Revenue consequences of LIFT/PFI schemes under UK GAAP / ESA95 (net of any sublease income)	**(1,283)**	0	(1,283)
Net IFRS change (IFRIC12)	**206**	**0**	**206**

36 Financial Instruments

Financial risk management

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

Currency risk

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

Interest rate risk

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

Credit Risk

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

Liquidity Risk

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

36.1 Financial Assets	**Loans and receivables £000**	**Total £000**
Receivables - NHS	2,074	**2,074**
Receivables - non-NHS	780	**780**
Cash at bank and in hand	37	**37**
Total at 31 March 2013	**2,891**	**2,891**
Receivables - NHS	1,399	1,399
Receivables - non-NHS	2,275	2,275
Cash at bank and in hand	12	12
Total at 31 March 2012	3,686	3,686

36.2 Financial Liabilities	**Other £000**	**Total £000**
NHS payables	3,767	**3,767**
Non-NHS payables	9,453	**9,453**
PFI & finance lease obligations	16,466	**16,466**
Total at 31 March 2013	**29,686**	**29,686**
NHS payables	5,033	5,033
Non-NHS payables	10,767	10,767
PFI & finance lease obligations	16,927	16,927
Total at 31 March 2012	32,727	32,727

37 Related party transactions

South Tyneside Primary Care Trust is a body corporate established by order of the Secretary of State for Health.

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with South Tyneside Primary Care Trust except where detailed below:

The Department of Health is regarded as a related party. During the year South Tyneside Primary Care Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are listed below;

City Hospitals NHS Foundation Trust
Co Durham & Darlington Acute Foundation NHS Trust
Gateshead Health NHS Foundation Trust
Newcastle Upon Tyne Hospitals Foundation NHS Trust
North East Ambulance Service NHS Trust
Northumbria Healthcare NHS Foundation Trust
Newcastle PCT
Stockton-On-Tees Teaching PCT
South Tyneside NHS Foundation Trust
Gateshead PCT
North Tyneside PCT
Sunderland Teaching PCT
Middlesbrough PCT
Northumberland Care PCT

In addition, the Primary Care Trust has had a significant number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with South Tyneside Metropolitan Borough Council in respect of the provision of healthcare in the community.

Some Directors of the PCT Board are members or employees or are related to members or employees of organisations with which low levels of transactions took place. Details can be found in the register of interests at the PCT Headquarters. All amounts involved were immaterial except:

As the Board consist of GP/Pharmacists/Dental/Optometrists any material payments made to these FHS contractors are in respect of amounts due under national agreed frameworks.

Amanda Healy, Acting Locality Director of Public Health for South Tyneside PCT (Substantive from 7/2/2013) is a joint appointment with South Tyneside MBC.

Mrs K Straughair, Chief Executive of South Tyneside PCT is married to Mr C Reed, Chief Executive of North of Tyne PCTs, Newcastle PCT, North Tyneside PCT and Northumberland Care Trust.

Mrs L Robson, Chief Operating Officer of NHS South of Tyne and Wear PCTs (April-21st October), is married to a General Dental Practitioner at the Galleries Dental Surgery within Sunderland Teaching Primary Care Trust.

The following Officers of the Statutory Board of South Tyneside PCT are employed in the same capacity in Gateshead PCT and Sunderland Teaching PCT:

Mrs K Straughair, Chief Executive
Mrs M Davison, Director of Governance & Quality
Dr D Hambleton, Director of Commissioning Development
Mr C Macklin, Director of Finance
Dr M Prentice, Medical Director
Mrs L Robson, Chief Operating Officer (April- 21st October)
Mrs V Taylor, Director Transition and Change
Mrs C Donaldson, Associate Director of Patient Safety & Nursing (April 2012-15th February 2013)

Details of individual's salaries and other remuneration can be found within the PCT annual report for 2012-13

South Tyneside Clinical Commissioning Group Pathfinder Committee was established as a formal sub committee of the PCT board in preparation to taking on its full role from 1st April 2013.

The following are members of South Tyneside Clinical Commissioning Pathfinder Committee during the year:

Name	**Related Party**
Dr Jonathan Tose	GP Partner at Central Surgery, Cleadon Park Primary Care Centre GP with Special Interest (GPwSI) Musculoskeletal medicine for South Tyneside MSK CATS Service – sessional post for South Tyneside Foundation Trust
Dr Matthew Walmsley	GP at Marsden Road Surgery Wife is GP at Houghton Medical Group, Sunderland District Commissioner and Charity Trustee of Chester le Street Scout District.
Dr Funmi Nixon	GP Partner in Westoe Surgery, Stanhope Parade.
Dr James Gordon	Salaried GP of Trinity Medical Group.
Dr Damien Power	GP at Farnham Medical Centre Practitioner with Special Interest (PwSI) ENT microsuction clinic at Farnham Medical Centre ENT Clinical assistant at City Hospitals Sunderland Wife is Advanced Paediatric Nurse Practitioner at South Tyneside Hospital (Children's A&E)
Helen Watson	Member of South Tyneside Health and Wellbeing Board Member of governing body of South Tyneside Foundation Trust Provider of Adult and Children's Social Care Services (Corporate Director - Children, Adults and Families)
Ros Whitehead	Employed as Practice Manager in Dr Burn and Partners, The Glen Primary Care Centre Co-opted member of Gateshead and South Tyneside LMC
Stephen Clark	Chair - NHS South of Tyne and Wear
David Hambleton	Director of Commissioning and Service Reform - NHS South of Tyne and Wear
Kate Hudson	Associate Director of Finance (Commissioning) - NHS South of Tyne and Wear

There is little change to this note from 2011-12, however, if you would like to see a comparable note for 2011-12 you can by requesting a copy of the 2011-12 annual accounts or annual report for South Tyneside PCT.

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	**36,031**	**30**
Total losses and special payments	**36,031**	**30**

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	28,870	33
Total losses and special payments	28,870	33

Details of cases individually over £250,000

There were no cases that individually total over £250,000 (0, 2011-12)

39 Third party assets

At 31 March 2013 the PCT did not hold any third party assets (31st March 2012 £0).

40 Cashflows relating to exceptional items

There are no exceptional items 2012-13 or 2011-12.

41 Events after the end of the reporting period

As part of the changes to the NHS brought about by the Health and Social Care Act 2012, Primary Care Trusts ceased to exist on 31st March 2013. The responsibilities were primarily transferred to Clinical Commissioning Groups, NHS Property Services Ltd and the Area Teams of the NHS England.

The following summarises the approximate net revenue value of the PCT Revenue Resource Limit based upon baseline mapping exercise July 2012. Indicative allocations to successor bodies are as follows:

South Tyneside CCG	£233m
NHS Property Services Ltd	£ 3m
NHS England	£ 60m
Public Health England	£ 5m
South Tyneside Council	£ 12m

The following summarises the approximate asset value transferred:

NHS Property Services Ltd	£34,141k
NHS England	£691k

For more details of the changes affecting the NHS from 1st April 2013 please see: www.dh.gov.uk/health/2012/06/act-explained/

Sunderland Teaching Primary Care Trust

FINANCIAL REVIEW

Sunderland Teaching Primary Care Trust delivered all its statutory and administrative financial duties during the 2012/13 financial year. The financial results of the TPCT are set out in the following pages of the report. Headline results are as follows:-

- A revenue surplus of £940,000 against a resource limit of £574 million.
- An underspend on capital of £160,000 against a capital resource limit of £10.1 million.
- Cash was managed within the resource limits available.
- Sustained high performance against the Better Payments Practice Code.

This is an excellent result for the TPCT given the pressures faced “in year” which maintains the excellent financial performance of the organisation in previous years.

Success was delivered against the continued backdrop of strict ‘control totals’ agreed with the Strategic Health Authority, effective monitoring and management of financial risks and effective reporting arrangements during the year. The Cluster Board meetings operating at an “NHS South of Tyne & Wear” level received regular financial updates formerly and informally during the year and this was replicated at the Sunderland Clinical Commissioning Group (CCG) meetings on a regular basis. A significant element of the TPCTs commissioning budgets were delegated to the CCG to manage on the Boards behalf in 12/13 which demonstrated the confidence of the existing statutory body with its “main” successor organisation.

Year end forecasts have not deviated in year which highlights the robustness of financial reporting within the T PCT. Whilst delivering an excellent surplus certain budget lines did experience pressure in year which were managed successfully by the effective use of reserves.

To prepare the CCG to take on its new powers the Cluster Board delegated responsibility for the budgets that the CCG will ultimately inherit from 2013/14. This has enabled the CCG to develop an understanding of the dynamics of the various budget headings and hopefully a successful track record which will assist in its early years as a new statutory body.

This summary report contains a considerable amount of evidence which highlights our achievements/improvements in healthcare during 2012/13, whilst not compromising our excellent financial track record. We had a strong culture of good quality financial management and control which could have been tested in a transitional year as the NHS moved to new ways of working, however it is testament to everyone working in the TPCT and CCG that continued success was delivered.. We worked collectively to ensure no loss of financial memory which underpinned the TPCTs strategies in 2012/13 and prepared the CCGs to take on and continue the excellent work from 2013/14.

Accounts have been produced under International Financial Reporting Standards in accordance with Department of Health guidelines. The quality of the accounts and working papers remained high whilst still adhering to tight submission dates set by DH. This year's annual report will not contain Summarised Financial Statements as in previous years as it is the last year of existence for the TPCT. Readers are asked to refer to the Full Accounts for any financial analysis.

AUDIT ARRANGEMENTS

External auditors for the NHS are appointed by the Secretary of State. For Sunderland Teaching PCT these services are provided by the Mazars LLP.

During the year the auditors undertook a broad range of activities which were approved and monitored by the Audit Committee. As well as the mandatory financial statements work, the audit in 2012/13 provided an assessment on our arrangements for securing economy, efficiency and effectiveness i.e. value for money. In addition specific audits on payment by results and the National Fraud Initiative were undertaken.

The fees paid by the TPCT for external audit was as follows:-

Financial Statements	**£82,134**
PBR	**£21,000**
NFI	**£1,000**
Total Fee Paid	**£104,134**

The payment by results and National Fraud Fees were standard rates applied to all primary care organisations.

WHAT DOES THE FUTURE BRING?

Change is not an unfamiliar concept to those of us who work in the NHS. The ability to adapt and refocus our objectives / goals to suit changing circumstances has been one of the key successes of Sunderland Teaching PCT. Going forward this will be even more critical; however it will be Sunderland CCG who will carry the mantle forward. The current position of the economy, significant interest in the new reforms could take the CCGs minds off its key focus to improve health services and reduce health inequalities. Early indications are good as the CCG had produced a robust set of financial and operational plans to further develop services for the Sunderland Community, however the "proof of the pudding will be in the eating". The first Sunderland CCG Annual Report in a years' time will be an opportunity for the new statutory body to demonstrate that the good work has continued and the pace of change has accelerated.

Chris Macklin C.P.F.A.
Former Sunderland TPCT Finance Director

Sunderland Teaching Primary Care Trust

Annual Accounts

2012 - 2013

CERTIFICATES

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: John Lawlor, Area Director Cumbria Northumberland Tyne & Wear Area Team

Date 5th June 2013

STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

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

- make judgements and estimates which are reasonable and prudent;

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

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

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

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

By order of the Permanent Secretary.

5th June 2013 Date.....Signing Officer

5th June 2013 Date .....Finance Signing Officer

MAZARS

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

We have audited the financial statements of Sunderland Teaching 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. 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 ;
- the table of pension benefits of senior managers and related narrative notes ; and
- the table of pay multiples and related narrative notes.

This report is made solely to the Accountable Officer for Sunderland Teaching 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.

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.

MAZARS

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 Sunderland Teaching 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

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Code of Audit Practice issued by the Audit Commission requires us to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

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

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

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

Certificate

We certify that we have completed the audit of the accounts of Sunderland Teaching 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.

Steve Nicklin CPFA for and on behalf of Mazars LLP

Chartered Accountants

Rivergreen Centre

Aykley Heads

Durham

DH1 5TS

8th June 2013

SUNDERLAND TEACHING PRIMARY CARE TRUST
Annual Governance Statement 2012/13

1. Scope of responsibility

As Accountable Officer, and Chief Executive of NHS South of Tyne and Wear, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the Primary Care Trust is administered prudently and economically and that resources are applied efficiently and effectively. I acknowledge my responsibilities as set out in the Accountable Officer Memorandum.

2. The purpose of the governance framework

2.1 Governance is concerned with the systems, controls, accountabilities and decision-making at the highest level of the organisation. It is about the way the organisation leads and manages through its values (in the public sector of accountability, probity and openness) and its systems (such as governance structures and risk management systems). The governance framework comprises the systems and processes, and the culture and values, by which the organisation is directed and controlled. It enables the organisation to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of policies, aims and objectives;

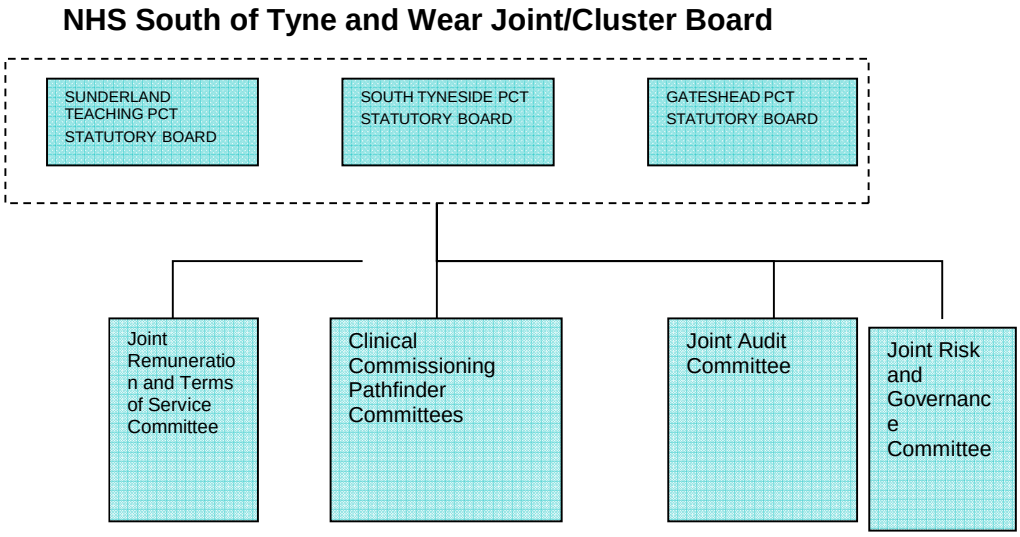
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.3 The governance system has been in place in the Primary Care Trust for the year ended 31 March 2013 and up to the date of the approval of the statement of accounts.

3. The Governance Framework

3.1 Following the establishment of integrated management arrangements for Gateshead PCT, South Tyneside PCT and Sunderland Teaching PCT in 2007, the Statutory Boards have established integrated governance arrangements covering the three PCTs and which from December 2011 have, in accordance with national guidance, operated as a PCT Cluster Board. In line with guidance, an agreement has been approved which sets out the working arrangements for the three statutory Boards within NHS South of Tyne and Wear working together as a single Cluster Board. During the year the PCT Joint/Cluster Board met on five occasions both in private and public, and for which there was an annual cycle of business. An extra-ordinary meeting was also held in January 2013 dealing with the outcome of the PCT's public consultation on improving urgent and emergency care services in Sunderland. Agendas are structured to deal with strategic, performance, quality assurance, risk and governance issues. The arrangements meet the requirements of best practice guidance in respect of risk management and ensure that a strong accountability framework has been established. They reflect the public service values of accountability, probity and openness and specify as Chief Executive my responsibility for ensuring that these values are met within the PCT.

3.2 The PCT Cluster Board has continued to operate with a committee structure which reflects guidance and best practice, including a Joint Remuneration and Terms of Service Committee and a Joint Audit Committee. Revised terms of reference have been agreed for these committees which reflect changes arising from the PCT Cluster Board arrangements and following delegation to them by the PCT Board. Other committees and sub-committees of the PCT Cluster Board, and which support the organisation in the delivery of effective governance, include the Joint Risk and Governance Committee and the Quality, Patient Safety and Clinical Governance Committee. In keeping with the PCT's commitment to supporting the progress of Clinical Commissioning Pathfinder Committees towards authorisation and the commensurate delegation of decision making, members of the Pathfinder Committees are formally included within the membership of the PCT's committees and sub-committees. The organisational structure including key committees is set out below;



3.3 **Description of the established Board Committees**

The roles of each of the Board Committees are set out broadly below. The Board Committees have authority under the Scheme of Delegation to establish sub committees or sub groups to enable them to fulfil their role. Each of the Board Committees has detailed Terms of Reference. Each Committee is authorised by the PCT Board to pursue any activity within their Terms of Reference and within the Scheme of Reservation and Delegation.

Joint Remuneration and Terms of Service Committee

The Committee is established to advise/recommend to the PCT Cluster Board the appropriate remuneration and terms of service for the Chief Executive, Directors and other staff paid through the Very Senior Manager Pay Framework. The Committee also advises/recommends to the PCT Cluster Board remuneration for the role of Vice Chair, remuneration and terms of service of any independent lay members/Associate Non Executive Directors, and reviews any business cases for early retirement and redundancy.

Joint Audit Committee

In line with the requirements of the NHS Audit Committee Handbook and NHS Codes of Conduct and Accountability, the PCT Cluster Board has established a joint committee of their statutory Boards known as the Joint Audit Committee. The Committee provides the organisation with an independent and objective review of their financial systems, financial information and compliance with laws, guidance, and regulations governing the NHS. The Committee's cycle of business includes review of the Board Assurance Framework and corporate risk register. The Committee is a non-executive committee of the Board and has no executive powers, other than those specifically delegated in its terms of reference. Annually the Committee also carries out a self-assessment of its effectiveness.

The Joint Audit Committee as part of its terms of reference provides an Annual Report of its work to the PCT Cluster Board. The most recent report available covers the year to 30 June 2012. The principal purpose of the report is to give the Board an assurance as to the work carried out to support the Chief Executive's review of the internal control arrangements. The Committee's cycle of business enables the Joint Audit Committee to carry out its key objectives necessary to support its assurances regarding the effectiveness of the organisation's internal controls.

Extracts from the Joint Audit Committee's Annual Report for the year to June 2012.

The following extract from the Joint Audit Committee's Annual Report details the coverage of the work of the Committee, the principal purpose of which is to give the Board an assurance as to the work carried out to support the Annual Governance Statement given by the CEO on its behalf.

Principal Review Areas
This annual report is divided into five sections reflecting the five key duties of the Committee as set out in the terms of reference.

1. Governance, risk management and internal control

- The Committee has reviewed relevant disclosure statements, in particular the Annual Governance Statement together with the Head of Internal Audit Opinion, external audit opinion and other appropriate external independent assurances and considered that the Annual Governance Statement was consistent with the AC's view on the PCT's system of internal control. Accordingly we supported the Board's approval of the Annual Governance Statement.

- The Committee reviewed the Assurance Framework and believed that it was fit for purpose and has reviewed evidence to support this. The Framework is in line with Department of Health expectations and has been reviewed by internal and external audit to give additional assurance for our opinion.

The Committee has reviewed the completeness of the risk management system and the extent to which it is embedded within the organisation. This included a regular review of the organisation's risk management arrangements and in particular its risk registers. It should be noted that there is also a much improved regular review of risk presented to the PCT Cluster Board in the form of a Top Risks Register

2. Internal audit: throughout the year the Committee has worked effectively with internal audit to review and strengthen the PCT's internal controls and in particular:

- Reviewed and approved the internal audit strategy, operational plan and detailed programme of work. The formal meetings always include at least two members of their team. We consider their reports, agree their programmes and consider their effectiveness. They also deliver our fraud protection programmes and we consider the reports to be aware of any issues requiring further action. In this connection there were no major incidents which required additional time allocation. We have considered whether we should employ outside assessment of their performance, however we are persuaded that this can be more effectively dealt with by reliance on help and report from our external auditors.

- Considered the findings of internal audit and sought assurance that management had responded in an appropriate way and that the Head of Internal Audit Opinion and Annual Governance Statement reflected any significant control weaknesses.

3. External audit:

- The Committee reviewed and agreed external audit's annual plan

- The Committee reviewed and commented on the reports prepared by external audit

As with internal audit we always have at least two members of their team present at our formal meetings. We review their work and findings, follow up their management requests, and agree their fee proposals. They keep us informed in respect of the changing nature of DH requirements, and have arranged briefing sessions where necessary. We were pleased to note that the effectiveness of the AC was noted by the District Auditor at his annual presence at the Board.

The Audit Committee again met with the auditors (both Internal & External) on at least one occasion without Management present. Whilst there were, as we would expect, no significant issues to discuss in this session, it did allow some helpful suggestions to be made about timing of preparation of information for the audit and the Director of Finance was able to deal proactively with these and improve the efficiency of the audit process.

4. Management:

- Whilst the Committee meets formally four times a year we also have informal meetings with the Director of Finance and his senior team. These are mainly educational and contain briefings on the monthly accounts including comparatives to budget, outlining future budget plans and also scrutiny of the Resource Releasing Initiatives (RRI) programme as referred to below. The AC greatly values these discussions, which also give the finance department an informal setting to highlight issues and concerns. We are able as a result to give the Board assurances of independent scrutiny of items submitted to it. Given the current pressures on our Executive and our Board as a result of management cost reductions, RRIs and the Transition programme for NHS reform including the development of Clinical Commissioning, it is all the more important that we continue to support the organisation by having more informal meetings with the Director of Finance and his staff. These meetings will enable the AC to form opinions to support evidence needed for the Board in its deliberations on financial statements.

- Value for Money is important to the organisation as it is an important part of outside monitoring. We take our responsibilities seriously and are involved in scrutiny of both the external auditors report and in helping the Director of Finance formulate his plan and budgets. The AC has had a significant focus on reviewing the progress of Resource Releasing Initiatives (RRIs) this year and has been able to use a number of its informal meetings to review and discuss progress on these with the internal team. The time allocated to these meetings permits a greater degree of scrutiny and understanding than is possible at a full meeting of the Board and has helped Inform the reporting of progress to make this more readily accessible. It was pleasing to note that that the Auditors issued a "Green" rating to all 3 PCTs on their arrangements to secure value for money.

5. Financial Reporting:

The Committee carried out its normal annual, detailed review of the statutory accounts before submitting them to the Board, discussing detailed issues with key members of the Finance Team in a special three-hour meeting. The Committee supported Management's treatment of the merger accounting issue but asked that a number of small disclosure items were amended in various places within the three sets of statutory accounts and identified an error in the presentation of the numbers (in a supporting note to one of the primary statements). We would again like to thank the Director of Finance and his team for their openness and cooperation in sharing information with the Committee and taking the extra time to provide explanations and debate key areas with us.

In addition we reviewed the narrative of the published accounts in detail this year and our discussions led to a number of changes being made to make the accounts even more readable - notably with some extended explanatory narrative and comparators added to disclosure notes about HR matters.

Other matters worthy of note

As the organisation moved towards the new arrangements and greater delegation of resources and responsibility to Clinical Commissioning Groups, the Committee shared its role and remit with members of the emerging organisations. In particular in order to provide the necessary assurance during the transition, members of the shadow Clinical Commissioning Groups started to attend meetings of the Audit Committee. We believe that this early understanding of the important role of the Audit Committee will be of benefit to the Clinical Commissioning Groups once established.

In addition to reviewing in detail the Annual Accounts in order to give assurance to the Board, we also reviewed the Annual Accounts process in detail. Linked to this we also reviewed and approved the PCT's Annual Report.

Self Assessment of Effectiveness

We confirm that we have carried out our self assessment, strengthening our model of assessment through use of an additional tool. Following the outcome of the assessment there were no concerns to be actioned.

Conclusion

As the NHS locally moves to its new structures it will be important to ensure that the emerging assurance arrangements are fit for purpose particularly during a period when the capacity and capability of the new organisations is likely to be tested. Clinical Commissioning Groups may well be advised to look to the experience of their Audit Committees to help them chart the governance terrain and help them put in place suitably robust governance and assurance arrangements".

Joint Risk and Governance Committee

The principal purpose of the Joint Risk and Governance Committee (JRGC) is to exercise on behalf of the PCT Cluster Board the functions that are delegated to it in respect of the development, implementation and monitoring of integrated risk and governance. In particular, by providing assurance on the systems and processes by which the PCT Board leads, directs and controls its functions in order to achieve its organisational objectives. In particular, it has overall responsibility for reviewing the Board Assurance Framework, the Top Risks and Corporate Risk Registers, (together with the Joint Audit Committee), and upon which reports were made to the PCT Board.

In keeping with the transition arrangements and authorisation of CCG's, there was a review of the role of the JRGC in this transition period. Accordingly from 2012, it was agreed that the JRGC would be retained as a PCT Board Committee, accountable directly to the PCT Board for functions that were not delegated to the Clinical Commissioning Pathfinder Committees, but with accountability and reporting in parallel through to the Clinical Commissioning Pathfinder Committees for functions that will form part of the CCG's statutory functions and duties post authorisation. This was proposed as a pragmatic approach which has enabled CCGs to build upon a model that was tried and tested and that would provide assurance to the Pathfinder Committees. As part of this approach each CCG has been represented on the Committee (and the Quality, Patient Safety and Clinical Governance Sub-Committee) enabling them to gain knowledge and build up a track record of assurance processes particularly as they relate to risk and compliance with statutory obligations.

From November 2011 the PCT's Quality, Patient Safety and Clinical Governance Sub-Committee was stood down, being replaced by a similar committee in each of the CCGs.

Following from this, changes were made to reporting arrangements for the sub-committees of the JRGC based on whether the functional area of the committee was to be retained as a Board level function or as a delegated CCG function. In line with these changes the terms of reference of the JRGC changed in year.

Whilst ensuring that the JRGC's structures are appropriate during the transition to CCGs, it has been just as important to ensure that the JRGC discharged its responsibilities effectively in order to ensure that the PCT and increasingly the CCGs are commissioning safe care for patients. Significantly during the year through its cycle of business, the JRGC and its associated sub-committees have considered the following quality, risk, safety and governance issues;

- Quality monitoring reports on provider commissioned services, including the reporting of serious untoward incidents
- Complaints. claims and untoward incidents (through a report from the Quality, Patient Safety and Clinical Governance Committee)
- Information Governance
- Corporate and top risks register
- Risk Management Strategy and Governance Framework
- Emergency Planning and Business Continuity
- Health and Safety
- Assurance on Equality, Diversity and Human Rights arrangements
- Management of Controlled Drugs arrangements (through an Annual Report)
- Healthcare Acquired Infections
- Relevant policy approval
- Provision of Nursing Home Care
- PCT Closedown Project Plan, including review of Legacy document
- Transition Reports

3.4 **Clinical Commissioning Groups**

3.4.1 The PCT has continued to work with the shadow Clinical Commissioning Groups as they have each progressed towards establishment. In December 2011 the PCT made decisions to ensure greater delegation of some of its functions and resources to each of the Clinical Commissioning Groups during the transition period, and which were commensurate with the PCT's overall responsibility as a statutory body until abolition in 2013. These changes resulted in ever increasing delegation to CCG Pathfinder Committees and revisions to the Committee structures to support the development of the CCGs.

3.4.2 Final changes to the PCTs' governance arrangements were made in December 2012. These changes recognised the fact that each of the CCG's had in place their governing bodies and were beginning to operate as shadow Governing Bodies and that each of the CCGs had in place their own committee structures in accordance with the CCG Regulations and their Constitutions.

3.4.3 In recognition of the fact that the PCTs remain the accountable statutory bodies until 31 March 2013, it was agreed by the PCT Cluster Board that the Annex to the PCTs' Scheme of Reservation and Delegation, which delegated responsibilities to the CCGs, should remain extant for the duration of the PCT, together with the Financial Scheme of Delegation to PCT Officers and Committees (and which provided for delegation of financial decision-making to CCGs). Importantly in addition, in order to discharge its accountability the PCT continued to rely on the forms of assurance which had been put in place including the accountability reports to the PCT Cluster Board and the regular accountability review meetings.

3.5 **Specialist Services.** There are a number of services which are so specialist and/or high cost, low volume that the PCT has made collaborative commissioning arrangements for them with other PCTs in the North East to make commissioning decisions through delegation arrangements:

- North of England Specialised Commissioning Transition Board (supported by a North East Regional Operating Group – covers a set of nationally defined specialist services, including radiotherapy and bariatric surgery (hosted by North Tyneside PCT);
- North of England Cancer Drugs Advisory Group (hosted by South Tyneside PCT).
- Prison services (hosted by NHS Durham)

Each of these groups has an agreed governance framework, which specifies clear roles, responsibilities and accountabilities. The groups' investment decisions and regular review of performance against those investments are all formally documented. In addition, performance on specialised services is also integrated into the PCT performance monitoring and reporting process.

3.6 The North East Primary Care Services Agency, whose functions include primary care commissioning, contracts and performance, and family health services, has been operating on behalf of PCTs since 1 December 2010, with each PCT retaining its responsibilities for the period up to which a Service Level Agreement and associated formal delegation arrangements were put in place in May 2011. The NE PCSA is hosted by South Tyneside PCT.

3.7 In addition, close working relationships have been established with partner organisations in the local health community and performance against agreed Annual Operating Plan objectives is continually assessed. Organisational arrangements are in place for these partnership arrangements including provider trusts, local authorities and other stakeholder and partner organisations. Close links have also been maintained with the North East Strategic Health Authority, with regular meetings being held to address performance issues, priorities across all activities, and the arrangements for meeting the requirements of the NHS reforms.

3.8 The Integrated Strategic and Operational Plan for 2012/16 has provided the overall vision and strategic and operational focus for the organisation. The Plan sets out for each PCT a four year vision for service improvement supported by plans for meeting the national priorities set out in the "Operating Framework for the NHS in England 2012/13" and the local priorities indentified by the Joint Strategic Needs Assessment, developed in partnership with each local authority. As we have moved towards the new arrangements the shadow CCGs have each developed their own 'Clear and Credible' Plans.

3.9 As a key means of ensuring that the organisation's objectives are being delivered, the PCT has developed a detailed Board Assurance Framework which, together with other reporting mechanisms available to the Board, provides evidence as to the effectiveness of controls and assurance that are in place for ensuring delivery of the organisation's key objectives. The PCT Cluster Board has approved the Assurance Framework confirming that the controls to manage risks and forms of assurance are reasonable and, where appropriate, has developed action plans to improve controls and forms of assurance. The Assurance Framework is reviewed in detail by both the Joint Audit Committee and the Joint Risk and Governance Committee. The Assurance Framework is continually refined in its development in order to ensure that it covers all areas on which the Board should be seeking assurance.

Board Directors Attendance Record 2012/13

Director	PCT Board	Joint Audit Committee	Joint Risk and Governance Committee	Remuneration Committee
Non Executive Directors				
Mr Stephen Clark, Chair	3/5 (60%)			2/2 (100%)
Mr Alan Baty, Vice Chair	4/5 (80%)	2/4 (50%)		2/2 (100%)
Mrs Sue Winfield, Vice Chair	4/5 (80%)		4/4 (100%)	2/2 (100%)
Mrs Pat Harle	3/5 (60%)		2/4 (50%)	
Mr Tim Morgan	4/5 (80%)	3/4 (75%)		
Mr Ron Reynolds	3/5 (60%)	3/4 (75%)		
Mrs Ruth Richardson	3/5 (60%)		2/4 (50%)	
Mrs Aileen Sullivan	3/5 (60%)		4/4 (100%)	
Executive Directors				
Mrs Karen Straughair, Chief Executive *	4/5 (80%)			
Mr Chris Macklin, Director of Finance *	3/5 (60%)	4/4 (100%)	1/4 (25%)	
Dr Mike Prentice, Medical Director *	4/5 (80%)		3/4 (75%)	
Mrs Amanda Healy, Acting Director of Public Health, South Tyneside PCT	2/5(40%)			
Ms Maureen 'Nonnie' Crawford, Locality Director of Public Health, Sunderland TPCT *	2/5 (40%)			
Dr Alyson Learmonth, Locality Director of Public Health, Gateshead PCT (to May 2012) * Mrs Carole Wood, Locality Director of Public Health, Gateshead PCT (from April 2012)	1/1 (100%) 1/3 (33%)			
Mrs Louise Robson, Chief Operating Officer, * (to October	2/3 (66%)		1/3 (33%)	
Dr David Hambleton, Director of Commissioning Development	3/5 (60%)			
Mrs Carole Donaldson, Associate Director of Nursing and Patient Safety/Nurse Adviser to the Board *	3/5 (60%)		4/4 (100%)	
Mrs Moira Davison. Director of Governance & Quality	3/5 (60%)	2/4 (50%)	4/4 (100%)	
Mrs Vicki Taylor, Director of Human Resources, Organisational Development and Workforce (until 31/05/11) and Director of Change and Transition (from 11/07/11).	1/5 (20%)			

* Denotes Executive Director with voting right.

3.10 **Review and assessment of Board Effectiveness and Assessment of Compliance with Corporate Governance Codes**

3.10.1 In reviewing and assessing Board effectiveness, the guidance provided on effective corporate governance contained in three key documents - the Financial Reporting Council's UK Corporate Governance Code, 2010, the Code of Good Practice published by HM Treasury (2011) and that of the National Leadership Council, 'The Healthy NHS Board: Principles for Good Governance' - have been taken into account. Board effectiveness has been assessed following a detailed mapping of the PCT Cluster Board's governance practice to the guidance and standards contained in the UK Corporate Governance Code, 2010, to which all subsequent best practice refers. The guidance contained within The UK Corporate Governance Code has enabled a detailed review of board effectiveness against the following criteria – leadership, effectiveness, accountability, remuneration and relations with stakeholders.

3.10.2 In particular, having reviewed the effectiveness of the PCT Cluster Board's governance framework and arrangements in relation to the UK Corporate Governance Code and associated guidance, I consider that the organisation complies with the principles and standards of best practice contained within the guidance on a "comply or explain" basis.

3.11 **PCT Handover and Closedown Documentation**

3.11.1 In May 2012, the Department of Health issued guidance advising PCTs of the requirement, as part of the transition and closedown arrangements, to produce operational handover and closedown documents for the benefit of successor receiver organisations. Accordingly detailed handover documents have been produced and shared with all receiver organisations and with NHS North. This has also involved a series of face to face meetings with receiver organisations to discuss the contents of the handover documents.

3.11.2 In addition, through the production and sharing of the handover documents with receiver organisations, the sharing of the PCT's risk reports and register, and on-going discussions with receiver organisations, it has been possible to appraise successor receiver organisations of the actual and potential risks to service delivery which they will face.

3.11.3 The Joint Risk and Governance Committee provided oversight of the transition planning and close down activities on behalf of the PCT Cluster Board and received reports at each meeting including the transition risks. They also undertook detailed review of the PCTs' transfer scheme instructions and schedules where

available from the Department of Health, and, under delegated authority, approved these on behalf of the PCT Cluster Board, with subsequent ratification at the PCT Cluster Board on 25th March 2013.

The Joint Audit Committee received assurance reports on PCT Financial closedown on behalf of the PCT Cluster Board.

3.12 **Accounts Scrutiny and Sign Off**

In line with the Department of Health's letter of 17 December 2012 (Gateway reference: 18561), the PCT has complied as necessary with the arrangements for accounts scrutiny and sign off. In particular, when the PCT ceases to be a statutory body on 1 April 2013, the requirement for essential scrutiny and governance provided by the Audit Committee will be lost in relation to the 2012/13 Annual Accounts. Accordingly in line with the Department of Health's requirements, three non-executive directors of the PCT Cluster Board have been nominated to form a sub-committee of the of the Department of Health's own Audit and Risk Committee to ensure the necessary scrutiny and sign off of the 2012/13 Annual Accounts.

3.13 I can confirm that the arrangements in place for the discharge of statutory functions have been checked for any irregularities, and that they are legally compliant.

4. The Risk and Control Framework

4.1 A Risk Management Strategy is in place which takes into account current guidance on risk management best practice and incorporates guidance provided by ISO 31000:2009 (formerly AZ/NZ Standard 4360:2004) and the former National Patient Safety Agency in its approach to assessing risk. It also takes into account the recommendations of audit report findings (S2010/26).

4.2 The Risk Management Strategy sets out the PCT's approach to the assessment and management of clinical and non-clinical risk in fulfilment of our overall objective to commission and provide high quality and safe services. It provides guidance for the systematic and effective management of risk. Key elements of the Risk Management Strategy include:

- a clear statement of Board and individual accountability for delivery of the strategy
- clear principles, aims and objectives of the risk management process
- a clearly defined process for delivering the strategy including an implementation plan to ensure that the strategy and risk management awareness is communicated to all staff
- details of the approach to be undertaken to assess and report risk
- an agreed process for reporting, managing, analysing and learning from adverse events supported by a "fair blame" culture and approach
- confirmation of the arrangements for reporting risks through the Top Risks Report, Corporate and Directorate Risk Registers

- arrangements for monitoring and review of the strategy

The overall risk management approach ensures that the strategy is coordinated across the whole organisation and progress is reported effectively to the PCT Cluster Board and Joint Risk and Governance Committee.

4.3 Risk is identified and embedded in the organisation via a number of mechanisms including the incident reporting system which identifies the risks that have already (or nearly) occurred from incidents or near misses; as a result of risk registers operating at directorate and corporate level which identify existing or prospective risks to the organisation; through our strategic planning system which ensures that all organisational objectives are rated for risks to achievement of delivery; and in our performance management system which rates all objectives for risk to delivery. In addition, all Board policies and reports are assessed for equality impact.

4.4 A key element in the management of organisational and strategic risk is the Top Risks Report. This report provides a dynamic overview of the current high level risks facing the organisation. These risks are mapped to the principal organisational objectives reflected in the Board Assurance Framework and take into account the organisational and structural changes resulting from the White Paper “Equity and excellence: Liberating the NHS.” Specifically, the risks are aligned with the key priorities and risks of Board focus in the transition period – performance against our overall commissioning purpose to improve the health of the population we serve, delivery of QIPP (Quality, Innovation, Productivity and Prevention) and the reduction in management costs, patient safety and quality, and the transitional programmes for Public Health and Clinical Commissioning Groups. This report is reviewed at meetings of the Joint Risk and Governance Committee and at formal meetings of the PCT Cluster Board, providing for current and emerging risks to be screened at the most senior level of the organisation.

The Board Assurance Framework and risk processes are reviewed by the Joint Audit Committee and by the PCT Cluster Board.

4.5 **Counter Fraud**

Our Counter Fraud activity plays a key part in deterring risks to the organisation’s financial viability and probity. An annual Counter Fraud Plan is agreed by the Joint Audit Committee which focuses on the deterrence, prevention, detection and investigation of fraud. In line with guidance issued by NHS Protect the plan for 2012/13 reflected the recommendation that a significant proportion of counter fraud activity should be given over to proactive counter fraud work.

4.6 **Information Governance**

The PCT has adopted and implemented the Department of Health Guidance, 'Checklist for Reporting, Managing and Investigating Information Governance Serious Untoward Incidents'. The organisation has in place a standard operating procedure for the reporting of level 3 Information Governance incidents to the Information Commissioner. This procedure outlines the scope of responsibilities and details the reporting procedures to be used in the event of a data security breach. There were no Information Governance incidents classified at a severity rating of 3 to 5 within NHS South of Tyne and Wear.

The PCT has an Information Governance Committee which reports to the Joint Risk and Governance Committee.

The PCT has submitted the Information Governance Toolkit and has been assessed as being 68% overall compliant, which confirms the organisation's rating as overall 'satisfactory' in this regard. Self assessment of compliance against the information governance requirements of the information governance toolkit was submitted online by 31 March, which received an opinion of significant assurance from the Internal Auditors. An opinion of limited assurance has been given on the Information Governance arrangements due to a specific point on compliance on the training standard for which a change in the Connecting for Health requirements was made in year.

5. Significant Issues

Whilst the organisation has been in transition to the new operating arrangements for the commissioning of health services, this has been a challenging year for the organisation as a whole. In particular, whilst putting in place the architecture to support the new arrangements, the PCT has had to continue to discharge its day to day statutory responsibilities and often against a background of reduced capacity. This has required the organisation to be especially vigilant in relation to current and prospective organisational risks. As already described, this has been achieved by ensuring that the organisation has been adequately sighted throughout the year on key operational risks by means of the Top Risks Report. Drawing on this, it is possible to highlight the significant issues facing the organisation, as follows;

In-Year Risks and Significant Issues for the Organisation

- Financial Performance including contracting for acute hospital activity

NHS South of Tyne and Wear delivered a combined surplus of no greater than £1.5m in 2012/13, financial and contract activity pressures emerged in year which required careful management to deliver a balanced position at the year end. It is pleasing to note that for the future each of the shadow Clinical Commissioning Groups have agreed collectively risk sharing/pooling arrangements to create flexibility.

Of particular concern in year has been the over performance of acute activity across all acute contract providers, as reported and discussed at the March 2013 PCT Cluster Board Meeting:-

- **Gateshead PCT**

Although the forecast year end financial position (as at Month 10) is showing a surplus for the PCT and CCG largely as a result of slippage on reserves and under-spending budgets, a concern remains that variances at the current levels within a range of budget heads are not sustainable for the future. A contract performance pressure remains the number of actual elective in-patients being treated by the Gateshead and Newcastle providers compared with the funded contracted activity.

- **Sunderland TPCT**

Whilst Sunderland TPCT is forecasting a year end financial position (as at Month 10) showing a surplus for the PCT and marginal surplus for the CCG, similar to the other PCTs there remains an underlying concern in relation to contract over performance of activity within its acute providers.

- **South Tyneside PCT**

The forecast year end financial position (as at Month 10) for South Tyneside PCT is showing a marginal surplus for the PCT and a deficit for the CCG, again as a result of contract over performance of activity within its acute providers. Work has been on-going throughout the year to manage acute activity and deliver a breakeven position at year end.

Throughout the year the Joint Audit Committee has reviewed financial performance with regard to assurance that appropriate actions were being taken. Additionally, each of the Clinical Commissioning Groups has been engaged to enlist their contribution to identifying and implementing actions to manage contract over performance.

- Risk to delivery of achievement of Health Care Associated Infection targets

Challenging health care associated infection targets remain a risk for all providers, especially in relation to CDi (Clostridium Difficile infection) at Gateshead and South Tyneside NHS Foundation Trusts and MRSA (Methicillin-resistant Staphylococcus Aureus) for all three NHS Foundation Trusts as South Tyneside and City Hospitals Sunderland, along with Sunderland TPCT, have reached or exceeded their annual target. Whilst in year detailed action plans were put in place, this remains a residual risk at handover as targets for each of the CCGs remain challenging. At handover arrangements are in place for infection control issues to be monitored through the newly established CCG Quality, Safety and Risk Committee and through CCG performance reports.

- Risk to delivery of key performance indicator and reform of Urgent Care relating to Accident and Emergency 4 hour wait target.

The key performance target of a 4 hour Accident and Emergency wait has not been achieved at City Hospitals Sunderland NHS FT. A range of longer term measures are being implemented by the Trust with the support of the PCT and shadow CCG to make the improved performance sustainable at City Hospitals Sunderland including introduction of a Primary care model in A&E, implementation of Ambulatory care pathways and review of the Rapid access treatment unit (RATU) and acute medical units. Public consultation on proposals to reconfigure urgent care and emergency care provision in terms of the number of access points and their geographical spread has been successfully concluded with implementation now progressing.

- Continuing Health Care Restitution Cases

In May 2012, the NHS Chief Executive advised PCTs of the deadlines for assessment of eligibility for continuing health care and the closedown process for retrospective review of cases between April 2004 and 31 March 2012. These changes were introduced to ensure that at the point of handover to CCGs there would be a clear deadline for historical cases requiring assessment of eligibility. The deadline for applications for the first closedown period was 30 September 2012.

Consistent with the national trend the PCT has received a significant response which has been far in excess of the anticipated numbers of applications when the process was announced. The retrospective review process, therefore, represents a significant risk both financially and operationally at the point of handover to the CCGs.

6. Overall review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the governance, and risk and controls frameworks. 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 the internal audit work. The Head of Internal Audit's Opinion on the effectiveness of internal control within the PCT was available to me during preparation of this statement and which in relation to their individual assurance opinions confirmed 'significant assurance' for each of the risk-based audit assignments.

- Directors and senior managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance.

- The Assurance Framework itself provides me with evidence that the effectiveness of the controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

My review has taken into account the guidance provided on effective corporate governance contained in the Financial reporting Council's UK Corporate Governance Code (2010), the Code of Good Practice published by HM Treasury (2011) and that of the National Leadership Council, 'The Healthy NHS Board: Principles for Good Governance'(2010). In particular, the effectiveness of the PCT Cluster Board's governance framework and arrangements using the guidance has been reviewed by all Directors, and having reviewed the results of the assessment I consider that the organisation complies with the principles contained within the guidance.

My review is also informed by work undertaken by internal and external audit in accordance with their agreed audit plans, the core standards self assessment declaration and the regular reports on performance presented to the PCT Cluster Board and its appropriate sub-committees.

The risk management structure facilitates the effective management of risk. Regular review and reporting is through the Joint Risk and Governance Committee to the PCT Cluster Board as well as to the Joint Audit Committee. The outcomes of internal audit reviews have been considered throughout the year through regular reports to the Joint Audit Committee. The PCT Cluster Board receives and considers the minutes of the Joint Audit Committee and the Joint Risk and Governance Committee. Significant issues are raised in the reports placed on the PCT Cluster Board's agenda for more detailed discussion.

The PCT's approach to risk management, and in particular through the Top Risks Report, has enabled the PCT to identify and share with successor receiver organisations the residual risks which will remain following the handover and closedown of the PCT.

The PCT Cluster Board and its committees have a key role to play in maintaining and reviewing the effectiveness of the system of internal control. I have been advised on the implications of my review on the effectiveness of the system of internal control by the PCT Cluster Board, the Joint Audit Committee and the Joint Risk and Governance Committee.

In conclusion, my review confirms that the PCT has had a generally sound system of internal controls in place that supported the achievement of its policies, aims and objectives.

John Lawlor
Signing Officer
June 2013

Glossary of Terms and Abbreviations

Accruals	An accounting concept. In addition to payments and receipts of cash, adjustment is made for outstanding payments, debts to be collected and inventories. This means that the accounts show all of the income and expenditure that related to the financial year.
Administration (Running Costs)	Any costs that are not a direct payment for the provision of healthcare or healthcare related services
APMS	Alternative Personal Medical Services
Assets	An item that has a value in the future. For example, a receivable (someone who owes money) is an asset, as they will in future pay. A building is an asset, because it houses activity that will provide a future income stream.
Audit	The process of validation of the accuracy, completeness and adequacy of disclosure of financial records.
Capital	Land, buildings, equipment and other non-current assets owned by the Trust, the cost of which exceeds £5,000 and has an expected life of more than one year.
Cash limit	A limit set by the Department of Health which restricts the amount of cash drawings that the Trust can make in the financial year. There is a combined cash limit for both revenue and capital.
Commissioning	Purchase of healthcare from external service provides (NHS, other public sector, private and voluntary) to meet the needs of the population.
Current assets	Receivables, inventories, cash or similar, whose value is, or can be converted into, cash within the next twelve months.
GDS	General Dental Services
GMS	General Medical Services
Governance	Governance is the system by which organisations are directed and controlled. It is concerned with how the organisation is run, how it is structured and how it is led. Corporate governance should underpin all that an organisation does. In the NHS, this means it must encompass clinical, financial and organisational aspects.
GP	General Practitioner
Gross operating costs	This is the total revenue expenditure, including accruals and provisions, incurred in the course of performing all aspects of the Trust's functions during the year.
Intangible assets	Brand value or some other right (for example, a software licence), which although invisible is likely to derive financial benefit for its owner in the future, and for which you might be willing to pay.
MEA	Modern Equivalent Asset Value. This is the methodology used by the District Valuer in the course of valuing property assets.
Miscellaneous income	Income that relates directly to the operating activities of the Trust. This excludes cash voted by Parliament and drawn down by the Trust from the Department of Health, which is credited to the general fund.
Non-current assets	Land, buildings, equipment and other long term assets that are expected to have a life of more than one year.
Payment by results (PBR)	A financial framework in which providers are paid according to the level of activity undertaken. Payment is based on a national tariff.
PDS	Personal Dental Services
PMS	Personal Medical Services
Primary care trust	Primary care organisations that provide and manage services delivered within the primary and community care sector, as well as commission acute and other services for its population.
Programme	Any costs that relate to the provision of healthcare or healthcare related services
Property Plant & Equipment	A sub-classification of non-current assets, which include land, buildings, equipment and fixtures and fittings.
QOF	Quality and Outcomes Framework. A points based framework which rewards GPs for achieving certain pre-set outcomes.
Resource limit	Expenditure limits are determined for each NHS organisation by the Department of Health for both revenue and capital, which limit the amount that may be expended on revenue purchases, as assessed on an accruals basis (that is, after adjusting for debtors and creditors).
Revenue	Ongoing or recurring running costs or funding for the general provision of services.
Running Costs (Administration)	Any costs that are not a direct payment for the provision of healthcare or healthcare related services

FOREWORD TO THE ACCOUNTS

SUNDERLAND TEACHING PRIMARY CARE TRUST

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

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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	**16,784**	15,996
Other costs	5.1	**589,288**	579,196
Income	4	**(33,135)**	(34,894)
Net operating costs before interest		**572,937**	560,298
Investment income	9	**(5)**	(8)
Finance costs	11	**12**	14
Net operating costs for the financial year		**572,944**	560,304
Transfers by absorption -(gains)		**0**	
Transfers by absorption - losses		**0**	
Net (gain)/loss on transfers by absorption		**0**	
Net Operating Costs for the Financial Year including absorption transfers		**572,944**	560,304
Of which:			
Administration Costs			
Gross employee benefits	7.1	**16,215**	15,546
Other costs	5.1	**9,489**	8,010
Income	4	**(14,781)**	(13,438)
Net administration costs before interest		**10,923**	10,118
Investment income	9	**(5)**	(8)
Net administration costs for the financial year		**10,918**	10,110
Programme Expenditure			
Gross employee benefits	7.1	**569**	450
Other costs	5.1	**579,799**	571,186
Income	4	**(18,354)**	(21,456)
Net programme expenditure before interest		**562,014**	550,180
Finance costs	11	**12**	14
Net programme expenditure for the financial year		**562,026**	550,194

Other Comprehensive Net Expenditure	2012-13 £000	2011-12 £000
Impairments and reversals put to the Revaluation Reserve	**267**	(141)
Net (gain) on revaluation of property, plant & equipment	**(2,727)**	(254)
Total comprehensive net expenditure for the year*	**570,484**	559,909

*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 38 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	69,880	61,061
Intangible assets	13	0	0
investment property	15	0	0
Other financial assets	21	0	0
Trade and other receivables	19	0	0
Total non-current assets		69,880	61,061
Current assets:			
Inventories	18	7	2
Trade and other receivables	19	5,580	8,241
Other financial assets	36	0	0
Other current assets	22	0	0
Cash and cash equivalents	23	46	17
Total current assets		5,633	8,260
Non-current assets held for sale	24	0	0
Total current assets		5,633	8,260
Total assets		75,513	69,321
Current liabilities			
Trade and other payables	25	(28,029)	(27,319)
Other liabilities	26,28	0	0
Provisions	32	(3,570)	(1,292)
Borrowings	27	0	0
Other financial liabilities	36.2	0	0
Total current liabilities		(31,599)	(28,611)
Non-current assets plus/less net current assets/liabilities		43,914	40,710
Non-current liabilities			
Trade and other payables	25	0	0
Other Liabilities	28	0	0
Provisions	32	(2,601)	(535)
Borrowings	27	0	0
Other financial liabilities	36.2	0	0
Total non-current liabilities		(2,601)	(535)
Total Assets Employed:		41,313	40,175
Financed by taxpayers' equity:			
General fund		33,941	35,086
Revaluation reserve		7,372	5,089
Other reserves		0	0
Total taxpayers' equity:		41,313	40,175

The notes on pages 5 to 38 form part of this account.

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

Designated Signing Officer: Date: 5th June 2013

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

	General fund	Revaluation reserve	Total reserves
	£000	£000	£000
Balance at 1 April 2012	**35,086**	**5,089**	**40,175**
Changes in taxpayers' equity for 2012-13			
Net operating cost for the year	(572,944)		**(572,944)**
Net gain on revaluation of property, plant, equipment		2,727	**2,727**
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		(267)	**(267)**
Movements in other reserves			**0**
Transfers between reserves*	177	(177)	**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**
Total recognised income and expense for 2012-13	**(572,767)**	**2,283**	**(570,484)**
Net Parliamentary funding	571,622		**571,622**
Balance at 31 March 2013	**33,941**	**7,372**	**41,313**

Balance at 1 April 2011	**35,889**	**4,712**	**40,601**
Changes in taxpayers' equity for 2011-12			
Net operating cost for the year	(560,304)		(560,304)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment		254	254
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		141	141
Movements in other reserves			0
Transfers between reserves*	18	(18)	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
On disposal of available for sale financial assets	0	0	0
Net actuarial gain/(loss) on pensions	0		0
Total recognised income and expense for 2011-12	(560,286)	377	(559,909)
Net Parliamentary funding	559,483		559,483
Balance at 31 March 2012	**35,086**	**5,089**	**40,175**

Statement of cash flows for the year ended 31 March 2013

	NOTE	2012-13 £000	2011-12 £000
Cash Flows from Operating Activities			
Net Operating Cost Before Interest		**(572,937)**	(560,298)
Depreciation and Amortisation		**1,813**	1,939
Impairments and Reversals		**1,768**	3,827
Other Gains / (Losses) on foreign exchange		**0**	0
Donated Assets received credited to revenue but non-cash		**0**	0
Government Granted Assets received credited to revenue but non-cash		**0**	0
Interest Paid		**0**	0
Release of PFI/deferred credit		**0**	0
(Increase)/Decrease in Inventories		**(5)**	(2)
(Increase)/Decrease in Trade and Other Receivables		**2,661**	(3,454)
(Increase)/Decrease in Other Current Assets		**0**	0
Increase/(Decrease) in Trade and Other Payables		**292**	3,157
(Increase)/Decrease in Other Current Liabilities		**0**	0
Provisions Utilised		**(380)**	(647)
Increase/(Decrease) in Provisions		**4,712**	1,263
Net Cash Inflow/(Outflow) from Operating Activities		**(562,076)**	(554,215)
Cash flows from investing activities			
Interest Received		**5**	9
(Payments) for Property, Plant and Equipment		**(9,522)**	(5,817)
(Payments) for Intangible Assets		**0**	0
(Payments) for Other Financial Assets		**0**	0
(Payments) for Financial Assets (LIFT)		**0**	0
Proceeds of disposal of assets held for sale (PPE)		**0**	0
Proceeds of disposal of assets held for sale (Intangible)		**0**	0
Proceeds from Disposal of Other Financial Assets		**0**	0
Proceeds from the disposal of Financial Assets (LIFT)		**0**	0
Loans Made in Respect of LIFT		**0**	0
Loans Repaid in Respect of LIFT		**0**	0
Rental Revenue		**0**	0
Net Cash Inflow/(Outflow) from Investing Activities		**(9,517)**	(5,808)
Net cash inflow/(outflow) before financing		**(571,593)**	(560,023)
Cash flows from financing activities			
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		**0**	0
Net Parliamentary Funding		**571,622**	559,483
Capital Receipts Surrendered		**0**	0
Capital grants and other capital receipts		**0**	545
Cash Transferred (to)/from Other NHS Bodies (free text note required)		**0**	0
Net Cash Inflow/(Outflow) from Financing Activities		**571,622**	560,028
Net increase/(decrease) in cash and cash equivalents		**29**	5
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		**17**	12
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		**46**	17

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.

Under the provisions of ***The Health and Social Care Act 2012 (Commencement No.4 Transitional, Savings and Transitory Provisions) Order 2013,*** Sunderland Teaching PCT was dissolved on 1st April 2013. The PCT's functions,assets and liabilities transferred to other publics sector entities as outlined in Note 42.2 ***Events after the Reporting Period.*** Where reconfigurations of this nature take place within the public sector,Goverment 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 SORP has therefore been drawn up at the 31st March 2013 on the same basis as would be a continuing entity. In particular,whilst the PCT has sought to revalue Land and Buildings, there has been no other general revaluation of assets and liablilities,and no disclosures have been made under IFRS 5 ***Non-current Assets Held for Sale and Discontinued Operation***.

1.1 Accounting Conventions

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

Transforming Community Services (TCS) transactions

Under the TCS initiative, services historically provided by PCTs have transferred to other providers - notably NHS Trusts and NHS Foundation Trusts. Such transfers fall to be accounted for by use of absorption accounting in line with the Treasury FReM. The FReM does not require retrospective adoption, so prior year transactions (which have been accounted for under merger accounting) have not been restated. Absorption accounting requires that entities account for their transactions in the period in which they took place, with no restatement of performance required when functions transfer within the public sector. Where assets and liabilities transfer, the gain or loss resulting is recognised in the SOCNE, and is disclosed separately from operating costs.

Acquisitions and Discontinued Operations

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

Critical accounting judgements and key sources of estimation uncertainty

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

Critical judgements in applying accounting policies

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

Assets in the course of construction have been assessed and included within the financial statements at the estimated proportion of MEA value to date. The balance of payments has been recognised as expenditure immediately.
The PCT has made a provision for all debts which are over three month old and still outstanding at that date.
The PCT has included a provision in the accounts for the estimated value of Continuing Healthcare cases which are outstanding and remain to be assessed at the 31st March 2013. The estimate is based upon the number of cases, potential value, qualifying period, and the likelyhood of success.

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

For the past two years due to the current national economic climate there has been substantial volatility in asset valuations. This continues to be an uncertain area and values could continue to change within the short to medium term. To ensure that values recorded within the financial statements are as accurate as possible the PCT sought revised March 2013 valuations from the District Valuer.

Other key sources of estimation are in relation to Primary Care expenditure and more detail in respect of estimation techniques assumptions made and amounts recorded are reported within note 5.2 on page 19 of these accounts.

1. Accounting policies (continued)

1.2 Revenue and Funding

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

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

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

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

1.3 Expenditure

Expenditure is accounted for using the accruals convention.

1.4 Pooled budgets

The PCT has four pooled budget arrangements with City of Sunderland Local Authority. Under the arrangements, funds are pooled under S75 of the National Health Service Act 2006 for activities in Learning Disabilities. The supply of equipment in the Community. The supply of equipment in Intermediate Care provision and the MCA safeguarding practitioner. In all cases the pool is hosted by the City of Sunderland. The PCT makes contributions to the pool for services to be provided as part of its commissioning role. The Primary Care Trust accounts for its share of the income and expenditure of the pool as determined by the pooled budget agreement.

The PCT acts as host organisation for a Drug Action Team pooled budget with the Local Authority. The main aim of the pooled budget is to bring Drug Awareness and Prevention to the population who live within the boundaries of Sunderland Teaching Primary Care Trust. It is funded through centrally allocated Department of Health resources.

1.5 Taxation

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

1.6 Administration and Programme Costs

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

The broad definition of running costs includes any cost incurred that is not a direct payment for the provision of healthcare or healthcare related services.
Expense incurred under NHS transition redundancy programmes is however classed as "programme" under Treasury

1. Accounting policies (continued)

1.7 Property, Plant & Equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

Valuation

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

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

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

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

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost excludes items considered not to have intrinsic value under the MEA methodology i.e. demolitions, some professional fees, which are recognised as expenses immediately. Assets are revalued and depreciation commences when they are brought into use.

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

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

Subsequent expenditure

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

1. Accounting policies (continued)

1.8 Intangible Assets

Recognition

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

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

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

Measurement

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

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

1.9 Depreciation, amortisation and impairments

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

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

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

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

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

1. Accounting policies (continued)

1.10 Donated assets

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

Sunderland Teaching PCT did not hold donated assets at 31 March 2013 so this accounting policy does not affect these set of accounts.

1.11 Government grants

Following the accounting policy change outlined in the Treasury FREM for 2011-12, a government grant reserve is no longer maintained. The value of assets received by means of a government grant are credited directly to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.
Sunderland Teaching PCT did not hold government grants at 31 March 2013 so this accounting policy does not affect these set of accounts.

1.12 Non-current assets held for sale

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

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

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

The PCT does not have any non-current assets held for sale as at 31st March 2013 nor did it at 31st March 2012 and therefore this policy does not impact on this set of accounts

1.13 Inventories

The general inventories that the PCT uses are consumables of low value and high turnover and the PCT has not accounted for stock in respect of these items at the 31st March 2013, nor did it at 31st March 2012. However the PCT does account for inventories held within the cafeteria at Houghton Primary Care Centre and inventories held within this cafeteria are recorded on the Statement of Financial Position valued at the lower of cost and net realisable value using the first-in first-out formula.

1.14 Cash and cash equivalents

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

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

1.15 Losses and Special Payments

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

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

1.16 Clinical Negligence Costs

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

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

1. Accounting policies (continued)

1.17 Employee benefits

Short-term employee benefits

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

Retirement benefit costs

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

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

1.18 Research and Development

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

1.19 Other expenses

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

1.20 Grant making

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

1.21 EU Emissions Trading Scheme

EU Emission Trading Scheme allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the NHS body makes emissions, a provision is recognised with an offsetting transfer from deferred income. The provision is settled on surrender of the allowances. The asset, provision and deferred income are valued at fair value at the end of the reporting period.
The PCT do not have any EU Emissions Trading scheme allowances as at 31st March 2013 nor did it have any at 31st March 2012 and therefore this policy does not impact on this set of accounts.

1. Accounting policies (continued)

1.22 Contingencies

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

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

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

1.23 Leases

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

The PCT as lessee

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

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

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

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

The PCT as lessor

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

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

1.24 Foreign exchange

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

1.25 Provisions

Provisions are recognised when the PCT has a present legal or constructive obligation as a result of a past event, it is probable that the PCT will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of 2.2% (2.35% in respect of early staff departures) in real terms.

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

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

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

1. Accounting policies (continued)

1.26 Financial Instruments

Financial assets

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

Financial assets are initially recognised at fair value.

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

During the year the PCT held no financial assets classified as being at fair value through profit and loss, no investments held until maturity nor any financial assets available for sale. The only financial assets held were loans

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 PCT does not have any transactions falling within the scope of this guidance.

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.

There were no financial assets carried at amortised cost during the year.

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.

The PCT held no financial liabilities at fair value through profit and loss at any time during the year, all being classified as "other" financial liabilities.

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

1.27 Private Finance Initiative (PFI) and NHS LIFT transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes (including NHS LIFT) where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The PCT therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.The PCT does not have any transactions falling within the scope of this guidance.

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

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

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

1. Accounting policies (continued)

1.29 Accounting standards issued that have been adopted early

The PCT adopted no Accounting Standards early.

1.30 Integrated Management Structure

Gateshead PCT, South Tyneside PCT and Sunderland TPCT operate their corporate functions through a shared management structure. This is achieved through an integrated management arrangement which was agreed by the respective boards early in 2007. The costs of the management structure are shared on a proportionate share of population which for 2012/13 resulted in Gateshead PCT being charged 31.11%, Sunderland TPCT 44.59% and South Tyneside PCT 24.30%. This excludes the costs of Estate Maintenance which is shared out on a proportionate share between PCT's based on floor areas of the individual PCT buildings.

From 1st April 2010 Sunderland Teaching PCT managed the corporate services of NHS South of Tyne and Wear on behalf of Gateshead Primary Care Trust and South Tyneside Primary Care Trust. This results in costs of services being recorded gross with corresponding income from recharges to other PCTs. The effect is that the net cost to Sunderland Teaching PCT is charged to the operating Cost statement.

2 Operating segments

The PCT only has one operating segment that it recognises for purposes of recording the financial position of the PCT in its annual accounts. This relates to the purchase of healthcare from external service providers to meet the health needs of the population of Sunderland and therefore the results included in this year's annual accounts are not split down into operating segments.

However it should be noted that total expenditure with City Hospitals NHS Foundation Trust amounted to £188,099k in 2012-13 (£181,636k 2011-12)

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		560,304
Net operating cost plus (gain)/loss on transfers by absorption	**572,944**	
Revenue Resource Limit	**573,884**	561,280
Under/(Over)spend Against Revenue Resource Limit (RRL)	**940**	976

In line with the Operating Framework, the SHA has maintained a strategic reserve for transfers to/from PCTs. The cumulative balance held within the reserve in respect of Sunderland Teaching PCT at 31st March 2013 is £13,275k.

3.2 Capital Resource Limit

	2012-13 £000	2011-12 £000
The PCT is required to keep within its Capital Resource Limit.		
Capital Resource Limit	**10,100**	5,311
Charge to Capital Resource Limit	**9,940**	5,281
(Over)/Underspend Against CRL	**160**	**30**

3.3 Under/(Over)spend against cash limit

	2012-13 £000	2011-12 £000
Total Charge to Cash Limit	**571,622**	559,483
Cash Limit	**576,470**	559,483
Under/(Over)spend Against Cash Limit	**4,848**	**0**

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

	2012-13 £000
Total cash received from DH (Gross)	495,700
Plus: cost of Dentistry Schemes (central charge to cash limits)	13,956
Plus: drugs reimbursement (central charge to cash limits)	61,966
Parliamentary funding credited to General Fund	**571,622**

4 Miscellaneous Revenue

	2012-13 Total	2012-13 Admin	2012-13 Programme	2011-12
	£000	£000	£000	£000
Fees and Charges	**508**	0	508	470
Dental Charge income from Contractor-Led GDS & PDS	**3,897**		3,897	3,769
Prescription Charge income	**3,673**		3,673	3,402
Strategic Health Authorities	**5**	0	5	267
NHS Foundation Trusts	**5,734**	2,393	3,341	7,303
Primary Care Trusts - Other	**12,986**	11,941	1,045	12,103
Recoveries in respect of employee benefits	**294**	294	0	8
Local Authorities	**545**	81	464	809
Education, Training and Research	**3,656**	0	3,656	4,093
Other Non-NHS Patient Care Services	**0**	0	0	252
Charitable and Other Contributions to Expenditure	**55**		55	283
Rental revenue from operating leases	**1,460**	0	1,460	1,161
Other revenue	**322**	72	250	974
Total miscellaneous revenue	**33,135**	**14,781**	**18,354**	34,894

Other Income

£232k relates to a grant received from the Home Office in respect of DIP monies.
£77k of other income relates to a leaseback arrangement that the PCT has with its Landlord regarding works completed prior
£13k relates to minor other schemes.

Analysis of main movements

As was the case in the previous financial year there were several reasons for the reduction in miscellaneous revenue levels between the two years. The first relates to the in year transfer of the IT services to the South Tyneside FT from Sunderland TPCT. These services are now being provided in house at the FT, and have as a result caused a reduction in IT SLA income to the TPCT during the year. In 2011/12 the TPCT also received non recurring income which related to Pallion HC which came under the heading of other revenue.

Estimation Techniques

Dental (Patient Charge Revenues)
This recognises that there is a time lag in the system re late submission of FP17's. An accrual is calculated based upon a 'Time Lag Report' which is produced by BSA Dental Services

Prescription Charge Income
This recognises that there is a 3 month time lag in the system . An accrual is calculated based upon a report produced by BSA Pharmacy Services

5. Operating Costs

5.1 Analysis of operating costs:

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 Total £000
Goods and Services from Other PCTs				
Healthcare	**43,934**	0	43,934	36,018
Non-Healthcare	**1,812**	1,805	7	1,336
Total	**45,746**	**1,805**	**43,941**	**37,354**
Goods and Services from Other NHS Bodies other than FTs				
Goods and services from NHS Trusts	**501**	0	501	6,495
Goods and services (other, excl Trusts, FT and PCT))	**109**	16	93	2,761
Total	**610**	**16**	**594**	**9,256**
Goods and Services from Foundation Trusts	**336,080**	1,371	334,709	325,848
Purchase of Healthcare from Non-NHS bodies	**49,903**		49,903	45,879
Expenditure on Drugs Action Teams	**5,524**		5,524	5,851
Non-GMS Services from GPs	**234**	234	0	0
Contractor Led GDS & PDS (excluding employee benefits)	**18,171**		18,171	17,945
Chair, Non-executive Directors & PEC remuneration	**58**	58	0	74
Executive committee members costs	**0**	0	0	5
Consultancy Services	**1,491**	491	1,000	2,180
Prescribing Costs	**49,440**		49,440	52,409
G/PMS, APMS and PCTMS (excluding employee benefits)	**42,654**	0	42,654	44,661
Local Pharmaceutical Services Pilots	**184**		184	54
New Pharmacy Contract	**16,881**		16,881	15,136
General Ophthalmic Services	**2,879**		2,879	2,816
Supplies and Services - Clinical	**164**	0	164	599
Supplies and Services - General	**624**	258	366	484
Establishment	**3,052**	2,505	547	2,698
Transport	**212**	3	209	203
Premises	**8,121**	1,731	6,390	7,097
Impairments & Reversals of Property, plant and equipment	**1,768**	0	1,768	3,827
Depreciation	**1,813**	450	1,363	1,939
Impairment of Receivables	**1,337**	0	1,337	209
Audit Fees	**92**	92	0	151
Other Auditors Remuneration	**21**	21	0	31
Education and Training	**557**	207	350	1,012
Other	**1,672**	247	1,425	1,478
Total Operating costs charged to Statement of Comprehensive Net Expenditure	**589,288**	**9,489**	**579,799**	**579,196**
Employee Benefits (excluding capitalised costs)				
PCT Officer Board Members	**1,876**	1,876	0	889
Other Employee Benefits	**14,908**	14,339	569	15,107
Total Employee Benefits charged to SOCNE	**16,784**	**16,215**	**569**	**15,996**
Total Operating Costs	**606,072**	**25,704**	**580,368**	**595,192**

	Total	Commissioning Services	Public Health
PCT Running Costs 2012-13			
Running costs (£000s)	**11,078**	10,041	1,037
Weighted population (number in units)*	**331,767**	331,767	331,767
Running costs per head of population (£ per head)	**33**	**30**	**3**
PCT Running Costs 2011-12			
Running costs (£000s)	**10,282**	9,382	900
Weighted population (number in units)	**331,767**	331,767	331,767
Running costs per head of population (£ per head)	**31**	**28**	**3**

2012 -13 PCT running costs include costs of redundancy and early retirements in relation to the Health and Social Care Act 2012 and also the cost of the break clause and agreed dilapidations in respect of partnership house. This has therefore resulted in an increase in respect of running costs.

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

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

5. Operating Costs

5.1 Analysis of operating costs (Continued)

Healthcare from NHS Bodies

During 2012/13 there have been a number of changes that have taken place that have led to changes in expenditure classifications between the 2 years, the main reasons being as follows:-

- During 2012/13 there has been a transfer of specialised services contracts from FT's to PCT's for approximately £8.5m.

- The full year effect of NEAS being a Foundation Trust has seen a reduction in NHS Trust expenditure of approximately £6m.

-Foundation Trust expenditure has now increased as a result of the NEAS transfer indicated above, the impact of inflation and general growth expenditure and a reduction as a result of the transfer of contracts to PCT expenditure.

Impairments of Receivables

There has been a significant increase in impairments of receivables between the two years as a result of the fact that the TPCT has made provision for debts over 3 months in order to minimise the impact of legacy debt when the transition occurs to the new organisations in the NHS.

Other Expenditure

The main components in this heading are the costs of GP training £1,350k plus CNST contributions of £74k.

Employee Benefits

Within employee benefits, there is expenditure relating to redundancy costs amounting to £1.6m. Offsetting this is a fall on the level of agency staff that we had employed of approximately £600k.

5.2 Analysis of operating expenditure by expenditure classification	2012-13 £000	2011-12 £000
Purchase of Primary Health Care		
GMS / PMS/ APMS / PCTMS	42,654	44,661
Prescribing costs	49,440	52,409
Contractor led GDS & PDS	18,171	17,945
General Ophthalmic Services	2,879	2,816
Local Pharmaceutical Services Pilots	184	54
New Pharmacy Contract	16,881	15,136
Other	1,426	1,300
Total Primary Healthcare purchased	**131,635**	134,321
Purchase of Secondary Healthcare		
Learning Difficulties	19,274	18,626
Mental Illness	66,392	64,238
Maternity	9,718	9,718
General and Acute	247,060	238,594
Accident and emergency	12,503	12,503
Community Health Services	43,388	43,405
Other Contractual	24,680	23,242
Total Secondary Healthcare Purchased	**423,015**	410,326
Total Healthcare Purchased by PCT	**554,650**	**544,647**
Healthcare from NHS FTs included above	334,709	312,038

Estimation Techniques

(1) GP Prescribing

Accrual for January February and March 2013 expenditure based on Forecast Outturn figure produced by NHS Business Authority.

(2)Pharmacy Payments

Accrual for January February and March 2013 based upon extrapolation of monthly spend as shown on reports produced by the NHS Business Authority

(3) GMS/PMS

- QOF Achievement

For accrual purposes it is assumed that all practices will achieve maximum outcomes. Further information regarding QOF can be found at the DH website

6. Operating Leases

The PCT has a large number of leases, licenses and service level agreements of varying term with 3rd party landlords including local authorities and other NHS bodies.

Significant leases and their features are:

Property	Contingent Rent Determination	Purchase Options	Escalation Clauses	Terms of Renewal	Restrictions imposed by lease
The Tower	Not Applicable	None	None	Landlord & Tenant Act Part 2 Protection of renewal rights at term	Subletting and assignment subject to landlords consent
Loftus and Pemberton	Not Applicable	None	None	Landlord & Tenant Act Part 2 Protection of renewal rights at term	Subletting and assignment subject to landlords consent

Although this lease is between the landlord and Sunderland Teaching PCT the Primary Care Services Agency occupy the building and as such all charges in relation to the Tower are recharged to South Tyneside PCT in the year that they occur. In respect of the Tower the PCT has issued the break clause which takes effect in 18 months.

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				**1,688**	1,937
Contingent rents				**0**	0
Sub-lease payments				**497**	488
Total				**2,185**	**2,425**
Payable:					
No later than one year	**0**	**488**	**47**	**535**	817
Between one and five years	**0**	**118**	**25**	**143**	807
After five years	**0**	**0**	**0**	**0**	8
Total	**0**	**606**	**72**	**678**	**1,632**
Total future sublease payments expected to be received				0	0

Sunderland Teaching PCT has entered into certain financial arrangements involving the use of GP premises. Under:

IAS 17 Leases
SIC 27 Evaluating the substance of transactions involving the legal form of a lease
IFRIC 4 Determining whether an arrangement contains a lease.

The PCT has determined that those operating leases must be recognised, but, as there is no defined term in the arrangement(s) entered into, it is not possible to analyse the arrangement(s) over financial years. The amount included in the above note in respect of GP Premises is £1,464k (£1,569k 2011/12)

6.2 PCT as lessor

The PCT has a range of tenancies for primary care contractors. Most are historic implied business tenancies rolled over from historic arrangements. Other leases of varying terms are in place. The PCT is in the process of negotiating new leases to replace those occupancies with implied tenancies.

	2012-13 £000	2011-12 £000
Recognised as income		
Rental Revenue	**1,460**	1,161
Contingent rents	**0**	0
Total	**1460**	1,161
Receivable:		
No later than one year	**1,460**	1,161
Between one and five years	**785**	376
After five years	**2,380**	307
Total	**4,625**	1,844

7. Employee benefits and staff numbers

7.1 Employee benefits

2012-13	Total	Permanently employed			Other		
	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
Employee Benefits - Gross Expenditure									
Salaries and wages	**12,694**	12,225	469	**11,291**	10,828	463	**1,403**	1,397	6
Social security costs	**952**	913	39	**952**	913	39	**0**	0	0
Employer Contributions to NHS BSA - Pensions Division	**1,481**	1,420	61	**1,481**	1,420	61	**0**	0	0
Termination benefits	**1,657**	1,657	0	**1,657**	1,657	0	**0**	0	0
Total employee benefits	**16,784**	**16,215**	**569**	**15,381**	**14,818**	**563**	**1,403**	**1,397**	**6**
Less recoveries in respect of employee benefits (table below)	**(294)**	(294)	0	**(294)**	(294)	**0**	**0**	**0**	**0**
Total - Net Employee Benefits including capitalised costs	**16,490**	**15,921**	**569**	**15,087**	**14,524**	**563**	**1,403**	**1,397**	**6**
Employee costs capitalised	**0**	0	0	**0**	0	0	**0**	0	0
Gross Employee Benefits excluding capitalised costs	**16,784**	**16,215**	**569**	**15,381**	**14,818**	**563**	**1,403**	**1,397**	**6**

2012-13	Total	Permanently employed			Other		
	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
Employee Benefits - Revenue									
Salaries and wages	**294**	294	0	**294**	294	0	**0**	0	0
TOTAL excluding capitalised costs	**294**	**294**	**0**	**294**	**294**	**0**	**0**	**0**	**0**

Employee Benefits - Prior- year

	Total £000	Permanently employed £000	Other £000
Employee Benefits Gross Expenditure 2011-12			
Salaries and wages	**13,394**	11,355	2,039
Social security costs	**977**	977	0
Employer Contributions to NHS BSA - Pensions Division	**1,558**	1,558	0
Other post-employment benefits	**45**	45	0
Termination benefits	**22**	22	0
Total gross employee benefits	**15,996**	**13,957**	**2,039**
Less recoveries in respect of employee benefits	**(8)**	(8)	0
Total - Net Employee Benefits including capitalised costs	**15,988**	**13,949**	**2,039**
Employee costs capitalised	**0**	0	0
Gross Employee Benefits excluding capitalised costs	**15,996**	**13,957**	**2,039**

7.2 Staff Numbers

	2012-13 Total Number	2012-13 Permanently employed Number	2012-13 Other Number	2011-12 Total Number	2011-12 Permanently employed Number	2011-12 Other Number
Average Staff Numbers						
Medical and dental	**6**	6	0	**7**	7	0
Administration and estates	**341**	292	49	**364**	306	58
Healthcare assistants and other support staff	**1**	1	0	**1**	1	0
Nursing, midwifery and health visiting learners	**4**	4	0	**6**	6	0
Scientific, therapeutic and technical staff	**4**	4	0	**4**	4	0
TOTAL	**356**	**307**	**49**	**382**	**324**	**58**
Of the above - staff engaged on capital projects	**0**	0	0	**0**	0	0

7.3 Staff Sickness absence and ill health retirements

	2012-13 Number	2011-12 Number
Total Days Lost	**1,722**	2,134
Total Staff Years	**308**	350
Average working Days Lost	**5.59**	6.10

The PCT does not have any ill health retirements in 2012/13 nor did it have any in 2011/12.

7.4 Exit Packages agreed during 2012-13

	2012-13			2011-12		
Exit package cost band (including any special payment element)	***Number of compulsory redundancies**	***Number of other departures agreed**	**Total number of exit packages by cost band**	***Number of compulsory redundancies**	***Number of other departures agreed**	**Total number of exit packages by cost band**
	Number	**Number**	**Number**	**Number**	**Number**	**Number**
Lees than £10,000	**1**	**0**	**1**	0	0	0
£10,001-£25,000	**2**	**0**	**2**	0	1	1
£25,001-£50,000	**4**	**0**	**4**	0	0	0
£50,001-£100,000	**1**	**0**	**1**	0	0	0
>£200,000	**5**	**0**	**5**	0	0	0
Total number of exit packages by type (total cost	**13**	**0**	**13**	0	1	1
	£	**£**	**£**	**£**	**£**	**£**
Total resource cost	**1,657,530**	**0**	**1,657,530**	0	22,000	22,000

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.

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.

Sunderland Teaching PCT manages the corporate services of NHS South of Tyne and Wear on behalf of Gateshead Primary Care Trust and South Tyneside Primary Care Trust. This results in costs of exit packages above being recorded gross (£1,657k) with corresponding income (£935k) from recharges to other PCTs. The effect is that the net cost (£722k) to Sunderland Teaching PCT is charged to the operating Cost statement.

7.5 Pension costs

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

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

a) Accounting valuation

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

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

b) Full actuarial (funding) valuation

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

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

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

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

c) Scheme provisions

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

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

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

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

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

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

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

8. Better Payment Practice Code

8.1 Measure of compliance

	2012-13 Number	2012-13 £000	2011-12 Number	2011-12 £000
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**8,527**	**71,409**	9,100	76,348
Total Non-NHS Trade Invoices Paid Within Target	**8,242**	**71,007**	8,851	75,697
Percentage of NHS Trade Invoices Paid Within Target	96.66%	99.44%	97.26%	99.15%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**2,601**	**408,755**	2,348	364,986
Total NHS Trade Invoices Paid Within Target	**2,554**	**407,381**	2,310	364,081
Percentage of NHS Trade Invoices Paid Within Target	98.19%	99.66%	98.38%	99.75%

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

As in 2011/12 the PCT did not incur any costs during 2012/13 under the Late Payment of Commercial Debts (Interest) Act 1998.

9. Investment Income

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Interest Income				
Other loans and receivables	**5**	**5**	**0**	8
Subtotal	**5**	**5**	**0**	8
Total investment income	**5**	**5**	**0**	8

10. Other Gains and Losses

In 2012/13 the PCT did not have any other gains and losses, nor did it have any in 2011/12.

11. Finance Costs

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Provisions - unwinding of discount	**12**	**0**	**12**	14
Total	**12**	**0**	**12**	**14**

12.1 Property, plant and equipment

2012-13	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:									
At 1 April 2012	**9,222**	**50,539**	**0**	**84**	**920**	**0**	**3,449**	**0**	**64,214**
Additions of Assets Under Construction				9,645					**9,645**
Additions Purchased	0	0	0		40	0	255	0	**295**
Reclassifications	0	248	0	(248)	0	0	0	0	**0**
Disposals other than for sale	0	0	0	0	(74)	0	(1,582)	0	**(1,656)**
Upward revaluation/positive indexation	2,690	37	0	0	0	0	0	0	**2,727**
Impairments/negative indexation	0	(275)	0	0	0	0	0	0	**(275)**
Reversal of Impairments	0	8	0	0	0	0	0	0	**8**
At 31 March 2013	**11,912**	**50,557**	**0**	**9,481**	**886**	**0**	**2,122**	**0**	**74,958**
Depreciation									
At 1 April 2012	**0**	**6**	**0**	**0**	**459**	**0**	**2,688**	**0**	**3,153**
Disposals other than for sale	0	0	0		(74)	0	(1,582)	0	**(1,656)**
Impairments	0	1,813	0	0	0	0	0	0	**1,813**
Reversal of Impairments	0	(45)	0	0	0	0	0	0	**(45)**
Charged During the Year	0	1,254	0		109	0	450	0	**1,813**
At 31 March 2013	**0**	**3,028**	**0**	**0**	**494**	**0**	**1,556**	**0**	**5,078**
Net Book Value at 31 March 2013	**11,912**	**47,529**	**0**	**9,481**	**392**	**0**	**566**	**0**	**69,880**
Purchased	11,912	47,529	0	9,481	392	0	566	0	**69,880**
Total at 31 March 2013	**11,912**	**47,529**	**0**	**9,481**	**392**	**0**	**566**	**0**	**69,880**
Asset financing:									
Owned	11,912	45,028	0	9,481	392	0	566	0	**67,379**
Held on finance lease	0	2,501	0	0	0	0	0	0	**2,501**
Total at 31 March 2013	**11,912**	**47,529**	**0**	**9,481**	**392**	**0**	**566**	**0**	**69,880**

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	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2012	**4,412**	**677**	**0**	**0**	**0**	**0**	**0**	**0**	**5,089**
Movements	2,690	(407)	0	0	0	0	0	0	**2,283**
At 31 March 2013	**7,102**	**270**	**0**	**0**	**0**	**0**	**0**	**0**	**7,372**

* The PCT is developing a new hospice due for completion early April 2013 on the Cherry Knowle site , however, the change of use of Land from it being vacant to being used for the Hospice resulted in an increase of £2,690k in the Land value.

The District Valuer valuations as at 31st March 2013 resulted in a decrease in asset valuations of £1,876k (see Note 14) of which £275k was netted off against previous revaluations as held in the Revaluation Reserve. In addition there was a small increase in value of £45k for a few assets which has been transferred to the Revaluation Reserve

In addition to these movements was a loss on value of Springwell Health Centre when bringing enhanced asset into use of £159k.

All other movements relate to excess depreciation transferred back to the General Fund.

Additions to Assets Under Construction in 2012-13

	£000
Buildings excl Dwellings	9,645
Balance as at YTD	**9,645**

12.2 Property, plant and equipment

2011-12	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:									
At 1 April 2011	**9,229**	**31,639**	**0**	**18,943**	**1,265**	**0**	**5,088**	**247**	**66,411**
Additions - purchased	0	677	0	4,147	137	0	320	0	**5,281**
Reclassifications	0	22,652	0	(23,006)	227	0	127	0	**0**
Disposals other than by sale	0	0	0	0	(709)	0	(2,086)	(247)	**(3,042)**
Revaluation & indexation gains	0	253	0	0	0	0	0	0	**253**
Impairments	(7)	0	0	0	0	0	0	0	**(7)**
Reversals of impairments	0	148	0	0	0	0	0	0	**148**
Cumulative dep netted off cost following revaluatio	0	(4,830)	0	0	0	0	0	0	**(4,830)**
At 31 March 2012	**9,222**	**50,539**	**0**	**84**	**920**	**0**	**3,449**	**0**	**64,214**
Depreciation									
At 1 April 2011	**0**	**0**	**0**		**853**	**0**	**4,275**	**131**	**5,259**
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		(709)	0	(2,086)	(247)	**(3,042)**
Upward revaluation/positive indexation	0	0	0		0	0	0	0	**0**
Impairments	0	4,549	0	0	0	0	0	0	**4,549**
Reversal of Impairments	0	(722)	0	0	0	0	0	0	**(722)**
Charged During the Year	0	1,009	0		315	0	499	116	**1,939**
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	**0**
Cumulative dep netted off cost following revaluatio	0	(4,830)	0	0	0	0	0	0	**(4,830)**
At 31 March 2012	**0**	**6**	**0**	**0**	**459**	**0**	**2,688**	**0**	**3,153**
Net Book Value at 31 March 2012	**9,222**	**50,533**	**0**	**84**	**461**	**0**	**761**	**0**	**61,061**
Purchased	9,222	50,533	0	84	461	0	761	0	**61,061**
At 31 March 2012	**9,222**	**50,533**	**0**	**84**	**461**	**0**	**761**	**0**	**61,061**
Asset financing:									
Owned	9,222	47,963	0	84	461	0	761	0	**58,491**
Held on finance lease	0	2,570	0	0	0	0	0	0	**2,570**
At 31 March 2012	**9,222**	**50,533**	**0**	**84**	**461**	**0**	**761**	**0**	**61,061**

12.3 Property, plant and equipment

Asset Valuations

All Land and Buildings have been revalued as at the 31st March 2013 and a full valuation exercise was completed by the District Valuer. All of these assets were valued on an MEA basis which is consistent with the method used as at 31st March 2012. In respect of those assets that were on Statement of Financial Position at the 31st March 2012 the DV calculated the current MEA valuation using a full valuation method updated to reflect current market conditions. All buildings are stated at a Depreciated Replacement Cost valuation within the accounts except for Bunnyhill Primary Care centre that is stated at an existing use valuation.

A full valuation was provided for Springwell Health Centre (6 July 2012) and Houghton Health Centre (1 April 2012) on bringing the enhancements of the assets into full operational use. For both of these assets the DV then completed a full valuation exercise on 31st March 2013 similar to that produced for all other Land and Buildings as above.

The PCT also reviewed all of its other Non Current Assets and concluded that all assets are stated at fair value as at 31st March 2013.

There were only minor changes to asset lives in the revaluation exercise undertaken at 31st March 2013 but nothing that needs to be disclosed separately in the body of the accounts.

The PCT has reviewed the classification of Building with respect to potential to value construction elements separately and concluded that it is sufficient to manage building assets between structure engineering and external works level. There are no individual components at a material level that require recording separately.

12.4 Economic Lives of Non Current Assets
The following table records the asset lives for each class of asset:-

Economic Lives of Non-Current Assets	**Min life Years**	**Max life Years**
Property, Plant and Equipment		
Buildings exc Dwellings	6	70
Plant & Machinery	2	5
Information Technology	1	3

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**	**152**	**0**	**0**	**0**	**152**
Disposals other than by sale	0	(152)	0	0	0	**(152)**
At 31 March 2013	**0**	**0**	**0**	**0**	**0**	**0**
Amortisation						
At 1 April 2012	**0**	**152**	**0**	**0**	**0**	**152**
Disposals other than by sale	0	(152)	0	0	0	**(152)**
At 31 March 2013	**0**	**0**	**0**	**0**	**0**	**0**
Net Book Value at 31 March 2013	**0**	**0**	**0**	**0**	**0**	**0**

Revaluation reserve balance for intangible non-current assets
There were no balances within the Revaluation Reserve at 31st March 2013 in respect of intangible non-current assets.

13.2 Intangible non-current assets

2011-12	Software internally generated £000	Software purchased £000	Licences & trademarks £000	Patents £000	Development expenditure £000	Total £000
At 1 April 2011	**0**	**152**	**0**	**0**	**0**	**152**
At 31 March 2012	**0**	**152**	**0**	**0**	**0**	**152**
Amortisation						
At 1 April 2011	**0**	**152**	**0**	**0**	**0**	**152**
At 31 March 2012	**0**	**152**	**0**	**0**	**0**	**152**
Net Book Value at 31 March 2012	**0**	**0**	**0**	**0**	**0**	**0**

13.3 Intangible non-current assets - valuations

The PCT reviewed all of its intangible Non Current Assets and concluded that as the assets have been fully depreciated that it is correct that the Net Book Value as at 31 March 2013 is nil. It has also been concluded to write these out of the PCTs books as at 31st March 2013 entirely due to the cessation of PCTs at this date and their useful life is now finished.

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			
Other	159		159
Changes in market price	1,609		1,609
Total charged to Annually Managed Expenditure	**1,768**		**1,768**
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve			
Changes in market price	267		
Total impairments for PPE charged to reserves	**267**		
Total Impairments of Property, Plant and Equipment	**2,035**	**0**	**1,768**
Total Impairments charged to Revaluation Reserve	267		
Total Impairments charged to SoCNE - DEL	0	0	0
Total Impairments charged to SoCNE - AME	1,768		1,768
Overall Total Impairments	**2,035**	**0**	**1,768**
Of which:			
Impairment on revaluation to "modern equivalent asset" basis	0	0	0

Due to the down turn in market conditions there was a decrease of asset valuations as at 31st March 2013 on most of the PCT building assets. These were assessed by the District Valuer and resulted in an decrease in value of £1,876k, of which £1,609k was charged to SoCNE and £267k charged to the revaluation reserve.

Springwell Health Centre incurred an impairment of £159k charged to SoCNE when its improvement works were completed and brought into operational use in July 2012.

15 Investment property

The PCT does not hold any investment property at 31 March 2013 nor did it hold any investment property at 31 March 2012.

16 Commitments

16.1 Capital commitments

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

	31 March 2013	31 March 2012
	£000	£000
Property, plant and equipment	**0**	8,000
Total	**0**	8,000

Although the PCT does not have any capital commitments as at 31st March 2013 because it ceases to exist after 31st March 2013 there are existing schemes which are to be completed early in 2013/14. These schemes have transferred to NHS Property Services and it will be their responsibility to complete the schemes, however, for completeness the schemes and outstanding planned expenditure are as follows:-

Hospice New Build	**£482k**
Southwick Health Centre Refurbishment	**£341k**

16.2 Other financial commitments

The PCT had not entered into any other non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements) as at the 31st March 2013 (31 March 2012 £0)

17 Intra-Government and other balances

	Current receivables	**Non-current receivables**	**Current payables**	**Non-current payables**
	£000s	**£000s**	**£000s**	**£000s**
Balances with other Central Government Bodies	2,714	0	4,806	0
Balances with Local Authorities	211	0	12	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	461	0	2,727	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	2,194	0	20,484	0
At 31 March 2013	**5,580**	**0**	**28,029**	**0**
prior period:				
Balances with other Central Government Bodies	3,267	0	853	0
Balances with Local Authorities	1,343	0	545	0
Balances with NHS Trusts and Foundation Trusts	1,428	0	4,474	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	2,203	0	21,447	0
At 31 March 2012	**8,241**	**0**	**27,319**	**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**	**2**	**0**	**0**	**0**	**0**	**2**
Additions	0	106	0	0	0	0	**106**
Inventories recognised as an expense in the period	0	(101)	0	0	0	0	**(101)**
Balance at 31 March 2013	**0**	**7**	**0**	**0**	**0**	**0**	**7**

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	**2,490**	4,404	**0**	0
NHS receivables - capital	**0**	0	**0**	0
NHS prepayments and accrued income	**0**	0	**0**	0
Non-NHS receivables - revenue	**2,179**	1,447	**0**	0
Non-NHS receivables - capital	**0**	0	**0**	0
Non-NHS prepayments and accrued income	**1,630**	2,242	**0**	0
Provision for the impairment of receivables	**(1,586)**	(292)	**0**	0
VAT	**685**	291	**0**	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	**0**	0	**0**	0
Interest receivables	**0**	0	**0**	0
Finance lease receivables	**0**	0	**0**	0
Operating lease receivables	**165**	112	**0**	0
Other receivables	**17**	37	**0**	0
Total	**5,580**	8,241	**0**	0
Total current and non current	**5,580**	8,241		
Included above:				
Prepaid pensions contributions	**0**	0		

Other Receivables relate to outstanding amounts due from staff in respect of overpayment of salaries, salary advances and/or amounts due under the contract car lease scheme for private use.

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.

The majority of the remaining trade debt relates to amounts due from other Central Government bodies for which their credit worthiness is assumed as good. Other organisations with smaller debts are also assumed as good and where there is any doubt a provision has been made in the accounts.

19.2 Receivables past their due date but not impaired

	31 March 2013 £000	31 March 2012 £000
By up to three months	**607**	1,549
By three to six months	**0**	176
By more than six months	**3**	108
Total	**610**	1,833

The PCT does not hold any collateral against any of these debts.

19.3 Provision for impairment of receivables

	2012-13 £000	**2011-12 £000**
Balance at 1 April 2012	**(292)**	(102)
Amount written off during the year	**43**	19
Amount recovered during the year	**71**	6
(Increase)/decrease in receivables impaired	**(1,408)**	(215)
Balance at 31 March 2013	**(1,586)**	(292)

The PCT has made a provision for all debts which are over three month old and still outstanding at that date. Only where the PCT has an agreement with another NHS body through the Agreement of Balances exercise that the debt will be settled or the debt has actually been settled prior to submission of draft accounts has a debt over three months old not been provided for.

20 NHS LIFT investments

As at 31 March 2013 Sunderland Teaching PCT is not involved in either PFI schemes or NHS LIFT schemes

21 Other financial assets

As at 31 March 2013 the PCT did not have any other financial assets (31st March 2012 £0).

22 Other current assets

As at 31 March 2013 the PCT did not have any other current assets (31st March 2012 £0).

23 Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Opening balance	**17**	12
Net change in year	**29**	5
Closing balance	**46**	17
Made up of		
Cash with Government Banking Service	**34**	5
Commercial banks	**0**	0
Cash in hand	**12**	12
Current investments	**0**	0
Cash and cash equivalents as in statement of financial position	**46**	17
Bank overdraft - Government Banking Service	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in statement of cash flows	**46**	17
Patients' money held by the PCT, not included above	**0**	0

24 Non-current assets held for sale

The PCT does not hold any non current assets for sale as at 31st March 2013 (31 March 2012 £0).

25 Trade and other payables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
NHS payables - revenue	**7,396**	5,180	**0**	0
NHS accruals and deferred income	**0**	94	**0**	0
Family Health Services (FHS) payables	**16,271**	18,511		
Non-NHS payables - revenue	**1,015**	1,508	**0**	0
Non-NHS payables - capital	**454**	36	**0**	0
Non_NHS accruals and deferred income	**2,761**	1,988	**0**	0
Tax	**10**	1		
Other	**122**	1	0	0
Total	**28,029**	27,319	**0**	0
Total payables (current and non-current)	**28,029**	**27,319**		

26 Other liabilities

The PCT had no other liabilities as at 31 March 2013 (31 March 2012 £0).

27 Borrowings

As at 31 March 2013 the PCT did not have any borrowings (31st March 2012 £0).

28 Other financial liabilities

As at 31 March 2013 the PCT did not have any other financial liabilities (31st March 2012 £0).

29 Deferred income

	Current	
	31 March 2013 £000	31 March 2012 £000
Opening balance at 01/04/12	**1**	20
Deferred income addition	**0**	1
Transfer of deferred income	**(1)**	(20)
Current deferred Income at 31 March 2013	**0**	1
Total other liabilities (current and non-current)	**0**	**1**

30 Finance lease obligations

Although Bunnyhill Primary Care Centre is classified as a Finance Lease within note 12.2 of the accounts there are no finance lease because the property was acquired on a long lease with an upfront payment to the Local Authority at the conception of the lease in 2006.

The PCT has also entered into a long term lease with Gentoo in respect of City Green which is classified as a Finance Lease within arrangement for Bunnyhill in that an upfront payment to Gentoo for the term of the lease was paid in March 2010 and therefore there is on this building.

Sunderland Teaching PCT does not have any other Finance Lease obligations as at 31st March 2013.

31 Finance lease receivables as lessor

As at 31 March 2013 the PCT did not have any finance lease receivables (31st March 2012 £0).

32 Provisions

		Comprising:			
	Total	**Pensions Relating to Other Staff**	**Legal Claims**	**Continuing Care**	**Other**
	£000	**£000**	**£000**	**£000**	**£000**
Balance at 1 April 2012	**1,827**	237	34	1,000	556
Arising During the Year	**4,704**	6	8	4,633	57
Utilised During the Year	**(380)**	(91)	0	(146)	(143)
Reversed Unused	**(31)**	0	(31)	0	0
Unwinding of Discount	**12**	5	0	0	7
Change in Discount Rate	**39**	6	0	0	33
Transferred (to)/from other Public Sector bodies	**0**	0	0	0	0
Balance at 31 March 2013	**6,171**	**163**	**11**	**5,487**	**510**
Expected Timing of Cash Flows:					
No Later than One Year	**3,570**	**35**	**11**	**3,268**	**256**
Later than One Year and not later than Five Years	**2,429**	**118**	**0**	**2,219**	**92**
Later than Five Years	**172**	**10**	**0**	**0**	**162**

Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:	
As at 31 March 2013	251
As at 31 March 2012	354

Pensions
Pension provisions of £163k recorded above are based on information as provided by the NHS Pensions Agency. The timing and uncertainty of these provisions are based on Average life span figures as provided by the NHS Pensions Agency.

Legal Claims
The £11k relates to excess charges in respect of non clinical litigation claims being handled on behalf the PCT by the NHSLA, that are outstanding as at the 31st March 2012. Information provided by the NHSLA indicates that these will be settled within the next financial year.

Continuing Care
Having reviewed the number of cases outstanding regarding Continuing Care and in accordance with guidance the PCT has included a provision of £5,487k in its accounts in respect of outstanding continuing healthcare cases and the provision is based on success rate of past cases . The PCT are expecting to settle these within the 18 months.

Other Provisions of £510k are analysed as follows:

Injury Benefit Provision £276k
Injury Benefit provisions recorded above are based on information as provided by the NHS Pensions Agency. The timing and uncertainty of these provisions are based on Average life span figures as provided by the NHS Pensions Agency.

Catch up campaign regarding payments to GPs in respect of Pneumococcal Vaccine £234k which are due to be settled within the next year.

33 Contingencies

	31 March 2013	31 March 2012
	£000	£000
Contingent liabilities		
Equal Pay	**0**	0
Other	**(7)**	(15)
Amounts Recoverable Against Contingent Liabilities	**0**	0
Net Value of Contingent Liabilities	**(7)**	(15)

The PCT has not recognised any contingent assets as at 31st March 2013, nor did it at 31st March 2012.

The Primary Care Trust has the following contingent (losses)/gains which have not been included in the accounts:

Legal
There are 4 Cases relating to excess in respect of non clinical cases held by NHSLA on behalf of PCT amounting to £7k

0

The PCT has an outstanding employment case relating to unfair dismissal which is awaiting legal opinion. No provision is included as it is not possible to determine the potential value and probability at this stage.

34 PFI and LIFT - additional information

As at 31 March 2013 Sunderland Teaching PCT is not involved in either PFI schemes or NHS LIFT schemes. (£0 31 March 2012)

35 Impact of IFRS treatment - current year

There is no impact in the current year for Sunderland Teaching PCT in respect of moving from UKGAAP to IFRS

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	**Loans and £000**	**Total £000**
Receivables - NHS	2,490	**2,490**
Receivables - non-NHS	2,361	**2,361**
Cash at bank and in hand	46	**46**
Total at 31 March 2013	**4,897**	**4,897**
Receivables - NHS	4,404	4,404
Receivables - non-NHS	1,596	1,596
Cash at bank and in hand	17	17
Total at 31 March 2012	6,017	6,017

36.2 Financial Liabilities	**Other £000**	**Total £000**
Embedded derivatives		**0**
NHS payables	7,396	**7,396**
Non-NHS payables	17,740	**17,740**
Total at 31 March 2013	**25,136**	**25,136**
Embedded derivatives		0
NHS payables	5,180	5,180
Non-NHS payables	20,242	20,242
Total at 31 March 2012	25,422	25,422

37 Related party transactions

Sunderland Teaching Primary Care Trust is a body corporate established by order of the Secretary of State for Health.

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with Sunderland Teaching Primary Care Trust except where detailed below.

The Department of Health is regarded as a related party. During the year Sunderland Teaching Primary Care Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are listed below;

City Hospitals NHS Foundation Trust
Co Durham & Darlington Acute Foundation NHS Trust
Gateshead Health NHS Foundation Trust
Newcastle Upon Tyne Hospitals Foundation NHS Trust
North East Ambulance Service NHS Trust
North East Strategic Health Authority
Northumberland Tyne & Wear Foundation Trust
South Tees Hospitals NHS Trust
South Tyneside NHS Foundation Trust
Gateshead PCT
Newcastle PCT
North Tyneside PCT
South Tyneside PCT
Tees and Esk Valleys Foundation Trust

In addition, the Primary Care Trust has had a significant number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with Sunderland City Council in respect of the provision of healthcare in the community.

Some Directors of the PCT Board are members or employees or are related to members or employees of organisations with which low levels of transactions took place. Details can be found in the register of interests at the PCT Headquarters. All amounts involved were immaterial except: :

As the Board consist of GP/Pharmacists/Dental/Optometrists any material payments made to these FHS contractors are in respect of amounts due under national agreed frameworks.

Dr M Crawford, Director of Public Health for Sunderland Teaching Primary Care Trust is a joint appointment between Sunderland Teaching PCT and Sunderland City Council.

Mrs K Straughair, Chief Executive of Sunderland Teaching PCT is married to Mr C Reed, Chief Executive of North of Tyne PCTs, Newcastle PCT, North Tyneside PCT and Northumberland Care Trust.

Mrs L Robson, Chief Operating Officer of NHS South of Tyne and Wear PCTs (April-21st October), is married to a General Dental Practitioner at the Galleries Dental Surgery within Sunderland Teaching Primary Care Trust.

The following Officers of the Statutory Board of Sunderland Teaching PCT are employed in the same capacity by Gateshead PCT and South Tyneside PCT:

Mrs K Straughair, Chief Executive
Mrs M Davison, Director of Governance & Quality
Dr D Hambleton, Director of Commissioning Development
Mr C Macklin, Director of Finance
Dr M Prentice, Medical Director
Mrs L Robson, Chief Operating Officer (April-21st October)
Mrs V Taylor, Director Transition and Change
Mrs C Donaldson, Associate Director of Patient Safety & Nursing (April 2012-15th February 2013)

Details of individual's salaries and other remuneration can be found within the PCT annual report for 2012-13

37. Related party transactions 2012/13 Cont

Sunderland Clinical Commissioning Group Pathfinder Committee was established as a formal sub committee of the PCT board in preparation to taking on its full role from 1st April 2013.

The following are members of Sunderland Clinical Commissioning Pathfinder Committee during the year

Name	Related Party
Dr Ian Pattison	GP Partner in Southlands Medical Group, Ryhope
	Wife is GP in Southlands Medical Group, Ryhope
Dr Iain Gilmour	GP Partner in Deerness Park Medical Group and Bunnyhill Primary Care Centre.
	Wife is a GP Practice Manager in Wearside Practice, Monkwearmouth.
	GP representative for North of England Cardiovascular Network Involved in medical research as a researcher for the Clarify Study in heart disease, and has received funding from Servier Laboratories to support this project.
Dr Gerry McBride	GP Partner in St Bede's Medical Centre Company Director of Dr G McBride & Co Ltd (whose principal business is medico-legally related and has no healthcare provision activities)
Dr William Arnett	GP Partner In Villette Surgery, Hendon (until December 2011) GP Partner Roker Family Practice (from January 2012) Subcontracted to Primecare Out of Hours service on an ad hoc basis.
Dr Henry Choi	GP Partner of Dr Cloak, Choi and Milligan, Southwick Health Centre GP Cancer Lead linking to North England Cancer Network and MacMillan Cancer Support President of Sunderland Diabetes Support Group – local branch of Diabetes UK Member of Primary Care Research network – Northern and Yorkshire
Dr Jacqueline Gillespie	GP Partner in Millfield Medical Practice Husband is GP in Old Forge Surgery, Pallion
Gloria Middleton	Non Clinical Partner at Westbourne Medical Group. Volunteer worker as a first responder at North East Ambulance service
Dr Roger Ford (in attendance at the Committee)	GP Partner St Bede's Medical Centre Secretary Sunderland LMC Chairman Regional Council LMCs Vice Chair NE Regional BMA Member General Practitioners Committee (GPC) Local Medical Advisor, Primecare.
Mrs Aileen Sullivan	Non Exec Director - NHS South of Tyne and Wear
Mr.Chris Macklin	Director of Finance - NHS South of Tyne and Wear Governor and Chair - Audit Committee, Gateshead College Chairman and Director - Zero Carbon Futures (Company wholly owned by Gateshead College) Chairman and Director - Change your Car (Company wholly owned by Gateshead College)
Mr. David Gallagher	Director- Durham PCT

There is little change to this note from 2011-12, however, if you would like to see a comparable note for 2011-12 you can by requesting a copy of the 2011-12 annual accounts or annual report for Sunderland Teaching PCT.

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	**49,266**	**88**
Special payments - PCT management costs	**43,795**	**6**
Total losses and special payments	**93,061**	**94**

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	30,749	93
Special payments - PCT management costs	0	0
Total losses and special payments	30,749	93

Details of cases individually over £250,000
There are no cases that individually total over £250k, (0, 2011-12).

39 Third party assets

At the Statement of Financial Position date, 31 March 2013, the PCT does not hold any third party assets (31st March 2012 £0).

40 Cashflows relating to exceptional items

There are no exceptional items.

41 Events after the end of the reporting period

As part of the changes to the NHS brought about by the Health and Social Care Act 2012, Primary Care Trusts ceased to exist on 31st March 2013. The responsibilities were primarily transferred to Clinical Commissioning Groups, NHS Property Services Ltd and the Area Teams of the NHS England.

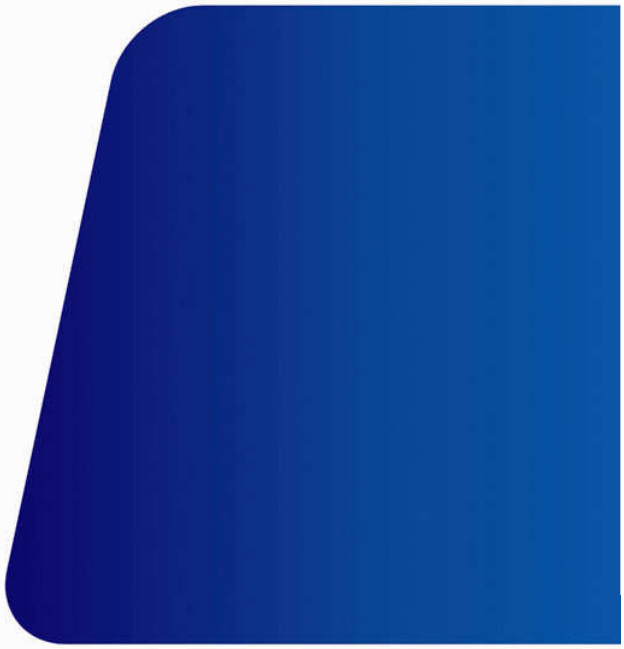
The following summarises the approximate net revenue value of the PCT Revenue Resource Limit based upon baseline mapping exercise July 2012. Indicative allocations to successor bodies are as follows:

Sunderland CCG	£428m
NHS Property Services Ltd	£3m
NHS England	£111m
Public Health England	£7m
Sunderland City Council	£21m

The following summarises the approximate asset value transferred

Sunderland CCG	£260k
NHS Property Services Ltd	£69,323k
NHS England	£690k
Sunderland City Council	£11k

For more details of the changes affecting the NHS from 1st April 2013 please see: www.dh.gov.uk/health/2012/06/act-explained/



NHS South of Tyne and Wear
Pemberton House
Colima Avenue
Sunderland Enterprise Park
Sunderland
SR5 3XB

Telephone: 0191 529 7000
Fax: 0191 529 7001

www.sotw.nhs.uk