Department of Health

NHS

# Central and Eastern Cheshire Primary Care Trust

## 2012-13 Annual Report and Accounts

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# Central and Eastern Cheshire Primary Care Trust

2012-13 Annual Report

Central and Eastern Cheshire NHS
Primary Care Trust

# NHS CENTRAL AND EASTERN CHESHIRE

# ANNUAL REPORT 2012/13

## Foreword

We are very pleased to introduce the Annual Report for the year 2012/13, a year which has been very challenging, not only for Primary Care Trusts but for the NHS as a whole.

We began the year finalising the arrangements for the fundamental changes to the NHS heralded in the NHS White Paper, and ended by transferring our statutory responsibilities to successor organisations.

As a result of the changes to the NHS architecture, NHS Cheshire, Warrington and Wirral was formed on 1st June 2011 as a single Cluster Primary Care Trust Board for each of the four Primary Care Trusts: NHS Central and Eastern Cheshire, NHS Warrington, NHS Western Cheshire and NHS Wirral. The Cluster Board comprises a senior management team which covers the four constituent PCTs and Non-Executive Directors from each Primary Care Trust.

In times of rapid change, it is those organisations with committed staff, effective management and robust systems and processes in place that are able to both adapt quickly and deliver their responsibilities. We believe that we have demonstrated this through 2012/13 as described in this Report.

Our legacy will be to ensure that the transition to the new NHS commissioning structures is managed smoothly for the benefit of the population of Cheshire, Warrington and Wirral.

It is important to recognise that we could not have achieved this rapid transformation without the loyalty and dedication of all our staff who work together tirelessly to ensure that our local people and visitors receive the best health care possible. Once again, we would like to take this opportunity to thank everyone in our Primary Care Trusts and Cluster for their commitment and hard work during a tough transitional period.

**Kathy Cowell**
**Chair**

**Moira Dumma**
**Chief Executive**

Contents



Publication arrangements

The Annual Report and a full copy of the Annual Accounts will be published on the Department of Health website.

Paper copies (and alternative formats) of the Annual Report will also be available on request to members of the public free of charge through the Department.

## INTRODUCTION

### The Area we cover

Central and Eastern Cheshire Primary Care Trust (CECPCT) was responsible for ensuring the health needs were met of those 467,000 residents living in Central and Eastern Cheshire.

The main ambition of the Primary Care Trust (PCT) was to: *"Work with others to achieve sustainable improvements in the health and wellbeing of the population and to reduce inequalities in health".*

To ensure the health requirements of the population were met, the PCT, working through three Clinical Commissioning Groups (CCGs), the Director of Public health and the Primary Care team, commissioned other NHS organisations to provide quality services to those served.

For 2012/13 the PCT's revenue resource limit was £761,868,000.

### Role

Through the CCGs, the Director of Public health and the Cluster Primary care team the health needs of local people were identified and access to health and healthcare services needed within the resources allocated were ensured. We **commissioned** care from a range of healthcare providers - hospitals, community services, GPs, dentists, opticians (optometrists) and pharmacists. This included third sector (voluntary, charity and not-for-profit organisations) and private sector.

The CCGs also set **quality standards** and worked in partnership with our providers to hold them to account. They do this by building strong partnerships, especially with local GPs, hospitals and local authority partners and voluntary and independent organisations.

CECPCT also had a duty to **listen** to what people told them they want from their Health Service and to **demonstrate** how they took their views into account when planning services.

The term "providers of NHS care" was used to describe a broad range of services: hospitals, clinics, GPs, dentists, community pharmacists, and optometrists. CECPCT worked in partnership with other organisations such as local councils and the voluntary sector, to improve the health and wellbeing of the residents of Central and Eastern Cheshire.

The majority of the providers of NHS care are hospital and community-based health services. However, as the world is changing and, though care remains free at the point of use, CECPCT also looked to the third sector (voluntary, charity and not-for-profit organisations) as well as independent providers to deliver some care.

Locally, the main providers of hospital care are East Cheshire NHS Trust (ECT) which is now integrated with Cheshire East Community Health to become a community & acute trust and Mid Cheshire Hospitals NHS Foundation Trust (MCHFT). Mental health services are commissioned mainly from Cheshire and Wirral Partnership NHS Foundation Trust.

Within the PCT area there were:

- 51 GP Practices
- 87 Dental Practices
- 96 Pharmacies

- 62 Ophthalmic Practices

**Management Arrangements NHS Cheshire, Warrington and Wirral**

NHS Cheshire, Warrington and Wirral ("the Cluster ") was formally constituted on 1st June 2011 and was a Primary Care Trust Cluster of four Primary Care Trusts, being Central and Eastern Cheshire, NHS Warrington, NHS Western Cheshire and NHS Wirral.

The Cluster covered the four Primary Care Trust areas as outlined above and was responsible for developing six Clinical Commissioning Groups (CCGs). Central and Eastern Cheshire has formed three Clinical Commissioning Groups. The Cluster patch also encompassed eight NHS provider trusts and four local authority areas. The total population of the Cluster was 1.2 million and total budget was £3.3 billion.

The Statutory responsibilities of the Cluster were as follows:

- Commissioning
    - Hospital Services
    - Community Services
    - Continuing Care
- Continuous Improvement
- Planning, Partnership, Cooperation
- Governance & Finance
- Public Engagement
- Equality & Human Resources
- Information Governance
- Resilience
- Health & Safety

Primary Care Trusts clustered to manage the transition to the new NHS system. This reduced the risk of individual organisational pressures, with a reducing management and financial management capacity, by creating a single Board and Executive Team. It also enabled emerging Clinical Commissioning Groups and Health & Wellbeing Boards to develop, as well as ensuring staff moved into new roles with CCGs, Commissioning Support, Local Authorities and NHS Commissioning Board. The Cluster also supported the provider element of the transition including progress to Foundation Trust status.

Individual Primary Care Trusts remained the statutory NHS bodies. The Cluster Chief Executive was the Accountable Officer for each of the four Primary Care Trusts (and all six CCGs).

The NHS Cheshire, Warrington and Wirral Board had a single governance structure with the CCG Boards/Executives as Sub-Committees as well as the Audit, Remuneration and Primary Care Committees.

The Cluster was also the host for the North West Specialised Commissioning Team and the Board received their minutes for assurance. A full copy of the NHS Cheshire, Warrington and Wirral Constitution and Governance Structure can be seen in the Corporate Governance Manual available on the Primary Care Trusts' websites.

Any risks from each of the Primary Care Trusts were escalated to the Board via the Assurance Framework and were reported at formal board meetings. For further information about the Cluster Board Meetings please visit the Primary Care Trust website www.cecpct.nhs.uk.

The Cluster Board was responsible for implementing systems and processes to ensure that business was carried out in an appropriate manner, statutory duties were met and risks were managed. The Board was accountable for internal controls and, as the Accountable Officer, the Chief Executive was responsible for maintaining a sound system of internal control within which policies were implemented and objectives achieved.

Each year the Board prepared an Annual Governance Statement which set out how the Board discharged its responsibilities. This Statement is provided in full at Appendix 1.

The Cluster Board was the Board for each of the four PCTs and had common membership except for the Director of Public Health, where there was one per PCT. Current members are shown below. Full membership details and period of office are provided at Appendix 2.

**Non Executive Directors:**

Kathy Cowell - Chairman
Farath Arshad
Sheryl Bailey
John Church
John Gartside
James Kay
Iain Purchase

**Executive Directors:**

| | |
|---|---|
| Chief Executive | Kathy Doran/ Moira Dumma |
| Director of Finance | Simon Holden/ Phil Wadeson/Russell Favager |
| Director of Commissioning Development | Joanne Forrest/Alison Tonge |
| Director of Human Resources | Michelle Chadwick |
| Director of Nursing, Performance and Quality | Cathy Maddaford |
| Chief Operating Officer, Cheshire and Merseyside Commissioning Support Unit | Neil Ryder |

**Director of Public Health:** (on rotation from each Primary Care Trust-one vote)

Dr Heather Grimbaldeston
Fiona Johnstone
Dr Rita Robertson
Julie Webster/Caryn Cox

**Medical Directors: (one vote)**

Dr Bill Forsyth
Dr Shyamal Mukherjee
Dr Maureen Swanson

**Non-voting members - Director of Communications and Engagement**

Martin McEwan

A Declaration of Interests by the Board Members and Executive Team forms Appendix 3. Full details of remuneration of Board Members is provided at Appendix 4.

**External scrutiny and accountability**

We were scrutinised by both Cheshire East Borough Council and Cheshire West and Chester Borough Council's Health and Wellbeing Overview and Scrutiny Committees, our

Local Involvement Network (LINk), the North West Strategic Health Authority/Northern Region and the Department of Health.

**Audit Committee**

The Board had an Audit Committee which regularly reviewed the establishment and maintenance of an effective system of integrated governance, risk management and internal control that operates across the whole of the Cluster's activities and supported the organisation's goals. The Committee consisted of three Non-Executive Directors and was independent of the Chairman and Chief Executive. It reported directly to the Board.

## NHS REFORM AND THE ROAD TO TRANSITION

During 2012/13 the Primary Care Trust, working through the Cluster, made preparations for the implementation of NHS reforms, subject to successful passage of the Health and Social Care Act which received Royal Assent on 27th March 2012.

On 31st March 2013, the Primary Care Trust was abolished. The new local health system will consist of the following organisations and remits:

*NHS England:* supports NHS services nationally and ensures that money spent on NHS services provides the best possible care for patients. It funds local CCGs to commission services for their communities and ensures that they do this effectively. Some specialist services will continue to be commissioned by NHS England centrally where this is most efficient. Working with leading health specialists, NHS England brings together expertise to ensure national standards are consistently in place across the country. Throughout its work it promotes the NHS Constitution and the Constitution's values and commitments. The local representative for NHS England is Cheshire, Warrington and Wirral Area Team.

*Public Health England:* provides national leadership and expert services to support public health and works with local government, the NHS and other key partners to respond to health protection emergencies.

The *NHS Trust Development Authority:* supports NHS trusts to improve so they can take advantage of the benefits of foundation trust status when they are ready.

*Health Education England:* makes sure the healthcare workforce has the right skills and training to improve the care patients receive. It supports a network of Local Education and Training Boards that plan education and training of the workforce to meet local and national needs.

Locally, *Health and Wellbeing Boards:* will bring together local organisations to work in partnership and Healthwatch will provide a powerful voice for patients and local communities.

*Clinical Commissioning Groups (CCGs):* made up of doctors, nurses and other professionals, will buy services for patients, while local councils formally take on their new roles in promoting public health.

The local CCGs for Central and Eastern Cheshire Primary Care Trust are as follows:

- South Cheshire
- Vale Royal
- Eastern Cheshire

Throughout 2012/13, the three CCGs have been working with full delegated authority and have been fully authorised as at April 2013. They are now their own statutory bodies with accountable officers and statutory duties as outlined in the Health and Social Care Act 2012. Further information can be found on the CCGs websites.

**Emergency Planning, Response and Resilience**

Throughout 2012/13 the PCT Cluster was the lead PCT responsible for emergency planning, response and resilience (EPRR). Towards the end of the financial year the PCT Cluster also had responsibility for working with the Cheshire, Warrington and Wirral Area Team of the NHS Commissioning Board to hand over responsibility for EPRR from the PCT Cluster to the Area Team.

The PCT Cluster's EPRR responsibility consisted of two distinct roles:

(a) the statutory duties of each of the four PCTs as *Category 1 Responders* under the Civil Contingencies Act (2004), and those responsibilities for PCTs as outlined in *The NHS Emergency Planning Guidance 2005*[1] and its supporting guidance;

(b) the role as *Lead PCT* for EPRR across Cheshire, Halton and Warrington – the coordinating PCT for the strategic leadership of the whole of the NHS in Cheshire during an emergency/ adverse incident – which was undertaken by NHS Western Cheshire (now the PCT Cluster) under a memorandum of understanding with NHS North West (now NHS North of England).

During the transition PCT Clusters were charged with the following responsibilities:

(a) maintaining an effective response to emergencies/ adverse incidents. As such the Cluster's Chief Executive issued instructions to ensure that:
- each individual PCT maintained an on call rota,
- on call rotas for the Cheshire-wide NHS Strategic Commander and their Tactical Advisors were maintained;

(b) assisting the Cheshire, Warrington and Wirral Area Team in the establishment of its EPPR arrangements.

Guidance was also issued setting out the EPRR roles for the NHS Commissioning Board (together with its Regions and Area Teams) and CCGs from April 2013. Key documents include:

(a) *Health Emergency Preparedness, Resilience and Response from April 2013: Summary of the principal roles of health sector organisations* (Department of Health, July 2012);
(b) *Transitional Assurance Process for EPRR* (NHS Commissioning Board, October 2012);
(c) *The role of 'Accountable Emergency Officers' for EPPR* (NHS Commissioning Board, December 2012);

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1 Department of Health, October 2005 (Gateway Reference: 5638)

(d) *Command and Control Framework for the NHS during significant incidents and emergencies* (NHS Commissioning Board, January 2013);
(e) *Business Continuity Management Framework* (NHS Commissioning Board, January 2013);
(f) *Core Standards for EPRR* (NHS Commissioning Board, January 2013).

This guidance focuses on planning for emergencies/ major incidents and the ability of the NHS to respond to such incidents (i.e. for those incidents that only affect the NHS and those which affect all multi-agency partners). Selected tasks include:

(a) establishing Local Health Resilience Partnerships (LHRPs) which are to meet quarterly as a forum to facilitate NHS emergency preparedness and resilience with a membership drawn from local acute, ambulance, community and mental health providers, together with representatives from public health;
(b) training those Area Team senior managers who will be members of on call rotas to a national core standard;
(c) establishing new on call rotas to strategically manage the response of the NHS within each Area Team;
(d) establishing Area Team Incident Coordination Centres and developing Incident response Plans.

Supporting the Cluster's Chief Executive in her role as Accountable Officer for ensuring robust and effective EPRR arrangements are in place and have been maintained were:

(a) the Director of Nursing and Performance – who held executive responsibility on behalf of the PCT Cluster;
(b) the Head of NHS Resilience – who held managerial and operational responsibility.

As the Cheshire, Warrington and Wirral Area Team has started to appoint its own staff:

(a) Accountable Officer responsibility was transferred from the Cluster's Chief Executive to the Area Team Director (from 1 October 2012);
(b) executive responsibility for EPRR was transferred from the Cluster's Director of Nursing & Performance to the Area Team's Director of Operations & Delivery (from March 2013);
(c) managerial and operational responsibility was shared between the Cluster's Head of NHS resilience and the Area Team's Head of EPRR since mid-December 2012, with a formal transfer taking place to the Area Team's Head of EPRR at the beginning of March 2013.

In line with national guidance, a memorandum of understanding was prepared to delegate the PCT Cluster's EPRR responsibility to the Cheshire, Warrington and Wirral Area Team. This came into effect from 31st March 2013. However, in line with the Cluster PCT's responsibility to assist the Cheshire, Warrington and Wirral Area Team in the establishment of its EPPR arrangements, individual PCT and NHS Strategic Command on call rotas (including those for Tactical Advisors) were maintained until the end of March 2013. As a sign of the close cooperation between the PCT Cluster and the Cheshire, Warrington and Wirral Area Team, the Area Team Director and some of her fellow Directors have already been included on the Cheshire NHS Strategic Commander on call rota.

To ensure the robustness of local EPRR arrangements, since July 2012 the Cluster had undertaken the following audit and/ or reviews of:

(a) NHS provider major incident plans and arrangements;
(b) NHS provider business continuity plans and arrangements;
(c) Local health system (i.e. both NHS provider and emerging CCG) escalation plans.

Particularly through the work of the Cluster's Head of NHS Resilience, the PCT Cluster had also ensured that the NHS continued to be represented and actively involved in the work of the Cheshire Local Resilience Forum (LRF). Through the LRF the NHS continues to:

(a) contribute to the development and review of multi-agency emergency plans and processes;
(b) contribute the NHS perspective into post-incident debriefs;
(c) update multi-agency partners on the organisational changes to the NHS, especially the changing roles and responsibilities for EPRR;
(d) ensure the NHS is adequately represented at LRF-sponsored training and exercises, including Control of Major Accident Hazards (COMAH) exercises organised by local councils.

Since January 2013, as part of the transition from the PCT Cluster to the Cheshire, Warrington and Wirral Area Team, the Area Team's Head of EPRR increasingly took the place of representing the NHS at LRF/ multi-agency meetings from the Cluster's Head of NHS Resilience.

Whilst managing the transition, the PCT Cluster (and more recently the Cheshire, Warrington and Wirral Area Team), have been involved in preparations for the Olympics and Paralympics and in various incident / event responses including the Olympic Torch Relay, a chemical suicide and NHS winter escalation (including the activation of the Critical Care Plan in conjunction with Merseyside).

In addition, and in line with the NHS Commissioning Board's guidance – *Transitional Assurance Process for EPRR* (October 2012), regular '*EPRR Implementation Tracker*' returns on the progress of developing the new EPRR arrangements locally have been submitted to the NHS North of England Cluster/ NHS Commissioning Board North (as appropriate). Feedback to date has been positive, with no significant gap/ area of weakness identified in the local development of plans (although though it was recognised they are under development).

Part of this assurance process was an EPRR Impartial Review between representatives from the Cluster/ Area Team and NHS Commissioning Board North. Written evidence, prepared by the PCT Cluster/ Area Team was submitted for this review including:

(a) the Terms of Reference for the Cheshire, Warrington and Wirral LHRP together with the minutes of its first 2 meetings (held in November 2012 and January 2013);
(b) the Cheshire, Warrington and Wirral LRHP's *3-year Strategy*, its *Concept of Operations* and the latest version of the Area Team's/ LHRP's *Joint Annual EPRR Work Plan for Quarter 4 of 2012/3 and 2013/4* (all national requirements);
(c) correspondence to the Chair of the Cheshire LRF (Assistant Chief Constable McCormick from Cheshire Police) and briefing provided the LRF's General Working Group as to how the NHS will continue to be an effective and influential partner of the LRF;

(d) the arrangements for training on call staff and establishing on call rotas, together with a briefing on the proposal to establish a shared on call rota between the six CCGs in Cheshire, Warrington and Wirral (i.e., each CCG is required to have an on call rota in place, although it is permissible for this to be shared);
(e) an EPRR memorandum of understanding between the Cheshire, Warrington and Wirral Area Team, local NHS providers (i.e., acute, ambulance, community and mental health) and CCGs;
(f) the latest draft of the Cheshire, Warrington and Wirral Area Team's Incident Response Manual.

The outcome of this review was positive with NHS England (North) being assured of the arrangements being developed locally.

## MANAGING RISK, INVESTIGATING EVENTS AND LEARNING FROM THE EXPERIENCE OF PATIENTS

### Ensuring safe healthcare – managing risks

NHS health professionals try to do everything possible to ensure people are treated properly and quickly. However, sometimes things can go wrong and patients can feel that their experience of healthcare could have been better. It was important that the PCT was informed of any concerns or complaints so that improvements could be made.

A formal complaints system was in place and followed NHS procedures and good practice by adopting the Health Service Ombudsman's 'Principles of Good Complaints Handling' and 'Principles for Remedy'. A yearly report was presented to the Board detailing the number of complaints and the actions the PCT has taken.

### Compliments and complaints

Treasury's Guidance on 'Managing Public Money' set out the steps public bodies should take where they have caused injustice or hardship by maladministration or service failure. Revised Principles for Remedy, issued in May 2010, set out six principles that represent best practice and are directly applicable to NHS procedures.

The key principles were:
1. Getting it right
2. Being customer focused
3. Being open and accountable
4. Acting fairly and proportionately
5. Putting things right
6. Seeking continuous improvement

In 2012/13 the PCT received 53 formal complaints. It is through patient feedback that we were able to learn from complaints to monitor and improve services where required, to ensure we met the needs of our patients in the future. As Commissioners of local Health Services we monitored the complaints received for trends and took appropriate action to reduce the risk of identified trends happening again.

Knowing when patients have had a good experience is as important as knowing when things have not gone well. A record of compliments was kept and feedback was given to the service in question.

**The Patient Advice and Liaison Service**

The Patient Advice and Liaison Service (PALS) is an informal way for patients to raise any concerns with their healthcare. The PALS team work on the patients behalf by liaising with healthcare staff, listening to concerns and providing information and advice. In 2012/13 there were 140 contacts made with the PALS team.

For further advice and help:

- The Complaints Department can provide advice and further information regarding the NHS complaints procedure www.cecpct.nhs.uk/contact-us/complaints/
- The Independent Complaints Advocacy Service (ICAS) provides advice and support to people who want to complain about the NHS. Details are available at www.carersfederation.co.uk/icas
- The Department of Health's website has information on the NHS complaints procedure www.dh.gov.uk/health/contact-dh/complaints

**Looking after personal data**

As technological advances multiply, so do people's concerns about the safety of their personal data. This concern was addressed at the highest level within the PCT. Staff received annual Information Governance training. Privacy Impact Assessments were also carried out before introducing a new project or changing a service involving person-identifiable information.

We continued to develop and agree Information Sharing Protocols, working in partnership with health, social care, other statutory bodies, commercial healthcare bodies and the voluntary sector.

The Primary Care Trust had to submit an information governance self assessment to the Department of Health each year and the Information Governance Group continued to monitor the work required. Our current compliance is 66%.

The work undertaken by the Primary Care Trust Cluster during 2012/13 as part of the information governance assurance programme, together with the annual compliance against the Information Governance Toolkit, achieved improved scores year on year, which demonstrated good performance in this area.

| **SUMMARY OF PERSONAL DATA INCIDENTS IN 2012/13 ACROSS THE CLUSTER** | | |
|---|---|---|
| **Category** | **Nature of Incident** | **Total** |
| I | Loss of inadequately protected electronic equipment, devices or paper documents from secured NHS premises | 0 |
| II | Loss of inadequately protected electronic equipment, devices or paper documents from outside secured NHS premises | 1 |
| III | Insecure disposal of inadequately protected electronic equipment, devices or paper documents | 0 |
| IV | Unauthorised disclosure | 6 |
| V | Other | 0 |

**Disclosure of serious untoward incidents**

The National Patient Safety Agency identified some incidents that were described as 'Never Events'. These are largely preventable events which should not occur if all the appropriate procedures are followed. There were 3 never events reported in 2012/13 which were investigated fully and appropriate action taken, as necessary.

*For further information, please contact Sue McGorry, Quality and Safety Manager Cheshire, Warrington and Wirral Area Team on 01925 406076.*

## VALUING OUR STAFF: WORKFORCE AND ORGANISATIONAL DEVELOPMENT

### Equality and Diversity

The New Equality Bill was passed in April 2010. All the sections of the new Act were in place which means that all statutory bodies (including the PCT) were required to produce a new equality document by the end of July 2011.

Consultation and Engagement was a key part of the duties. Information gained from the events was used to develop and improve services and to improve the patient experience. Disabled people were actively involved in the development of services including the Mystery Shopper project, website design and deaf awareness training and guidelines.

Community Development Workers were a key link to local communities including Black, Minority and Ethnic (BME) groups, Gypsy and Travellers and the Polish community. They fed back the main problems faced by local communities and helped the PCT develop positive solutions.

### Staff Well Being and Engagement

Involving our staff

We actively encouraged and promoted staff involvement at all levels of activity. A number of formal and informal forums and committees were in place to ensure this happened. Commitment to working in partnership with our staff side colleagues was formally through the Partnership Forum. A Staff Forum was also developed for commissioning staff based at Universal House where there was limited staff side representation.

We kept our staff well informed through staff briefings, an e-bulletin and regular Intranet updates, in addition to events on specific topics, emails, and our website, all of which encourage feedback, we also included a staff support section designed to help staff cope with change, managing the transition and relieving stress.

Staff Support

Central and Eastern Cheshire Primary Care Trust was fully committed to the health and positive wellbeing of its employees, the health and wellbeing of the workforce was crucial to the delivery of the improvements in patient care envisaged in the NHS Constitution. The Trust Health and Wellbeing Strategy was routinely monitored, reported and discussed with staff representatives via the staff forum. All staff had access to a comprehensive Occupational Health Service.

Targeted Health and Wellbeing interventions have been delivered in line with the Health and Wellbeing strategy and action plan. Events held have included; mini health checks,

complimentary therapy sessions, self defence classes, yoga sessions, pre-retirement sessions to mention just a few.

## Monitoring sickness absence

We proactively managed both short-term and long-term sickness absence in line with our Attendance Management policy. Sickness absence was monitored on a monthly basis and reported quarterly to the Board.

In terms of sickness absence, note 7.3 to the Accounts shows that the average working days lost for the year was 6.3 (2011/12: 5.9 days).

## Caring for the environment

The NHS had a target to reduce carbon emissions by 26% by 2020. In 2012/13, work continued towards improving the efficiency of our buildings. This built on work done in previous years to help staff reduce their business miles by making video and teleconferencing available and promoting a "cycle to work" scheme. We also introduced staff briefings using live web casts to allow staff to see and be briefed by Directors without the need to travel across the Cluster footprint.

## Sustainability Report

All NHS Trusts, Primary Care Trusts and strategic health authorities were required to produce a Sustainability Report in 2012/13 as part of their Annual Report. The Sustainability Report is provided at Appendix 5.

## FINANCIAL COMMENTARY 2012/13

All Primary Care Trusts had a statutory duty to spend within their available budget, referred to as achieving operational financial balance. We delivered our financial targets and applied our resources effectively.

For 2012/13, Central & Eastern Cheshire PCT reported an under spend of £3.572 million against its resource limit of £761.868 million; this under spend will be returned to the health economy in the next financial year.

### Performance against Statutory Targets

Similarly to 2011/12, Central & Eastern Cheshire PCT has achieved its Statutory Targets, namely:

- to remain within Cash Limits ✓ACHIEVED
- to remain within its Revenue Resource Limit ✓ACHIEVED
- to remain within its Capital Resource Limit ✓ACHIEVED

### Better Payment Practice Code

The PCT aimed to pay trade creditors in accordance with the Confederation of British Industry's Prompt Payment Code and Government Accounting Rules and continued to strive to maintain good performance during the financial year. Accordingly during the year, for Non NHS Suppliers 94.6% of payments by value (previously 97.8%) and 92.44% of payments by volume (previously 96%) were made within a 30 day period. For NHS Suppliers 99.6% of payments by value (previously 99.8%) and 91.43% of payments by volume (previously 93.6%) were made within a 30 day period.

More details of compliance with the Better Payment Practice Code are given within the financial statements.

### Prompt Payment Code

The prompt Payment code is a payment initiative developed by Government with the Institute of Credit Management (ICM) to "tackle the crucial issue of late payment to help small businesses".

NHS Central & Eastern Cheshire adopted the principal incorporated within the Prompt Payment Code and has been an active member of the code since July 2009.

### Audit Fees

The Primary Care Trust's appointed external auditors for the audit of the 2012/13 accounts were Grant Thornton UK LLP. The external audit team were made up, in the main, of staff who previously audited the primary care trusts accounts working for the Audit commission.

Fees incurred for the audit of the 2012/13 accounts are £113,000 (including VAT). Fees incurred for other external audit services were £49,000 (including VAT).

### Financial Highlights

The main financial highlights were as follows:

- The PCT has worked increasingly through their three CCGs, Director of Public Health and the Primary Care Team and continued to work towards significant levels of devolved budgets;
- The PCT achieved Commissioner QIPP savings of £35.2m in 2012/13;
- The PCT was required to lodge 2% of their Resource with NHS North and then to apply for its return via a business case, this was intended to demonstrate its non recurrent use. This non recurrent expenditure was £14.187 million;
- The PCT has maintained recurrent financial balance.

### Making Best use of Assets

The Primary Care Trust has continued to review its estates strategy to optimise its portfolio of assets. Surplus property with a Net Book value of £0.095 million was disposed of during the year, with a surplus on disposal of £0.054 million.

### Risks

Identification of potential financial risks were reported on a regular basis. The PCT continued to monitor cash & Capital Resource Limits and continued to maintain an Asset Register that recorded capitalised Assets.

## REMUNERATION REPORT

### Terms of Reference for the Remuneration Committee

The Remuneration Committees of Primary Care Trusts made recommendations to their Boards on remuneration and on terms of service for the Chief Executive and very senior managers to ensure they were fairly rewarded for their individual contributions to the organisation within the requirements of the nationally developed Framework for Very Senior Managers. Advice to Boards on such remuneration included all aspects of salary, provision for other benefits including pensions and cars as well as arrangements for termination of employment and other contractual terms. Additionally, the Remuneration Committee:

- Made recommendations to the Board on the remuneration, allowances and terms of service of other officer members to ensure they were fairly rewarded for their individual contribution to the organisation.

- Monitored and evaluated the performance of individual and other senior officer members.

- Advised on and oversaw appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

### Composition of the Committee

The Committee comprised of the Board Chairman and at least two other non-officer members.

### Remuneration Committee membership

Three Non-Executive Directors were members of the Remuneration Committee.

### Remuneration of senior managers – current/previous financial year

The Remuneration Committee determined the salaries of the following Directors' and senior managers' posts: Chief Executive, Directors, senior managers (on local contracts). The remuneration packages for these senior posts comprised base salary in the light of the requirements of the national Very Senior Managers policy.

On the inception of the consolidated PCT Cluster Board on 1st June 2011, Cluster Executive and Non-Executive Directors were appointed to all four PCTs hence we have shown remuneration shared equally between the four constituent PCTs. The remuneration report shown here relates to this PCT's share of the total remuneration. Directors of Public Health relate to one PCT each and they shared Board level responsibility.

A consolidated report for the entire Cluster can be found in Appendix 4.

### Pay scales and benefits

Executive Directors may receive taxable benefits from the Primary Care Trust's lease car scheme as part of their remuneration.

## Pensions

All Directors for the Primary Care Trust had access to the NHS Pension Scheme which provides pensions on a final salary basis. Employees are entitled to join the NHS Pensions Scheme. Further details are provided in the Annual Accounts and in Appendix 4 of this annual report.

## Performance management

The NHS has adopted nationally an annual appraisal system for all its employees. The Remuneration Committee's minutes state that the current organisation's objectives and appraisal system would continue to be the method by which performance and achievement of corporate objectives were measured.

## Service Agreements Appointment - Chief Executive and Directors

The Chief Executive and Directors had contractual status which expired on 31st March 2013 when the PCT ceased or earlier for those who have ceased to act during the year.

## Termination of appointment – Chief Executive and Directors

Other than in circumstances where the contract was being terminated by summary dismissal, the employee shall be entitled to receive six months' notice of termination. The employee was required to give the Primary Care Trust six months' notice of their intention to terminate this employment.

## Contractual Information - Year ended 31st March 2013

As part of NHS reforms, PCTs were abolished from 31st March 2013. As such, the employment contracts of all CWW Cluster Board members will end on that date unless stated as earlier. Details of period of office of members are provided at Appendix 2.

## Exit Packages

During 2012/13 there were a number of exit packages agreed. There were 60 departures (58 voluntary redundancies and 2 compulsory redundancies) at a total cost of £4.006 million (£3.813 million voluntary redundancy and £193,000 compulsory redundancy).

Department of Health

**CENTRAL AND EASTERN CHESHIRE PRIMARY CARE TRUST**

**CLUSTER OF NHS CHESHIRE, WARRINGTON AND WIRRAL PRIMARY CARE TRUSTS**

# ANNUAL GOVERNANCE STATEMENT 2012/13

My review confirms that each Primary Care Trust had a generally sound system of internal control that supported the achievement of its policies, aims and objectives. The Primary Care Trust Cluster was established on 1st June 2011.

## Scope of responsibility

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

There was regular contact between the Strategic Health Authority and the Primary Care Trust which allows for any concerns to be addressed

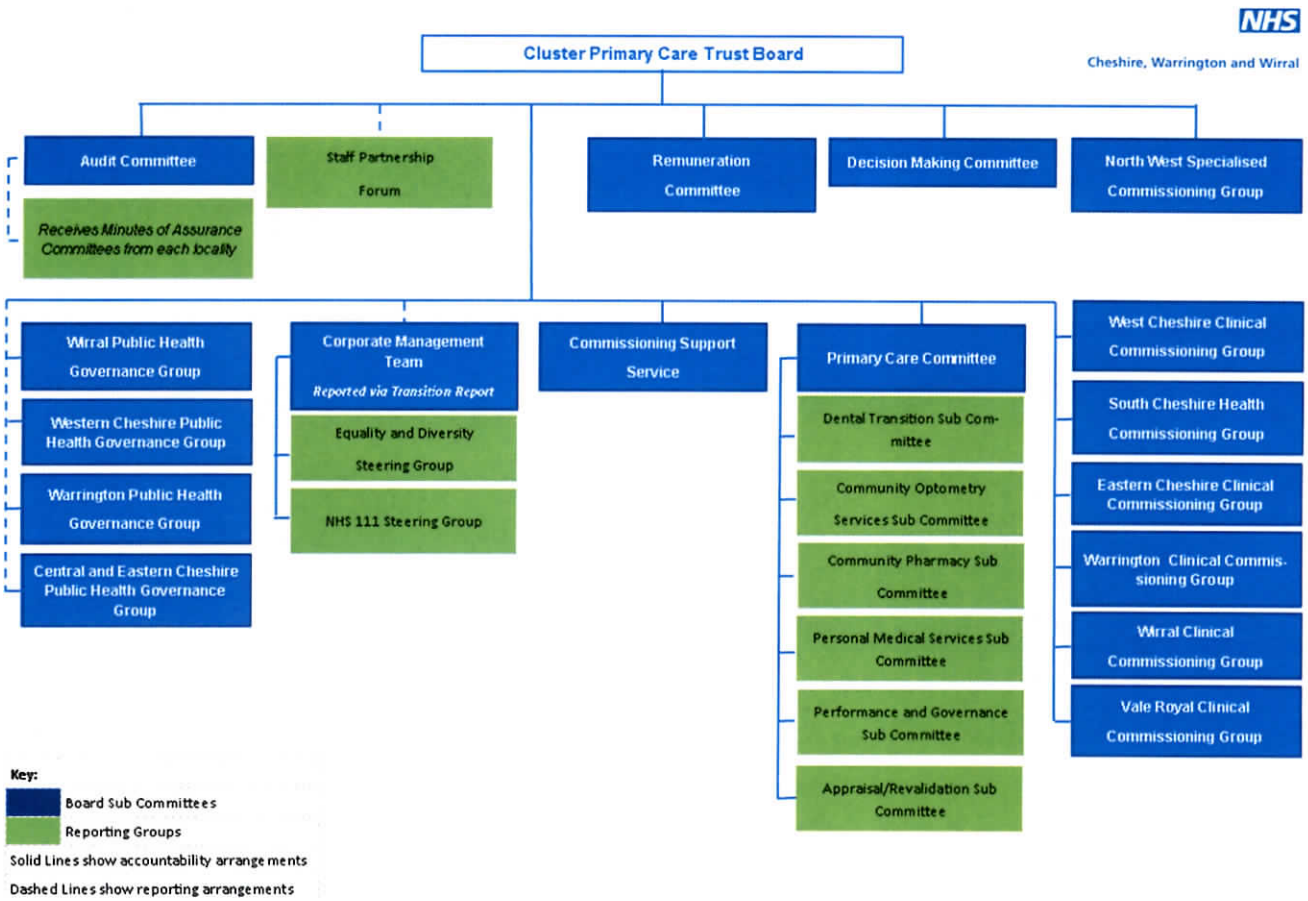
With respect to partnership working across the Local Health Economy, I met regularly with the Local Authority Chief Executives and as necessary with the Chief Executives of the providers within the Primary Care Trust area. The Primary Care Trust participates in partnership arrangements for children's services, adult services and health and well-being. The post of Joint Director of Public Health is jointly accountable to the Local Authority and the Primary Care Trust. There are a range of joint commissioning appointments across different organisations.

## The governance framework of the organisation

The NHS Cheshire, Warrington and Wirral Board was established on 6th June 2011 by the Establishment Agreement contained in Section A of the Standing Financial Instructions/Standing Orders (initially approved by Board on 6th June and updated and approved on 2nd November 2011). A diagram of the Governance Structure for the Cluster is shown below.

The Board has the following Sub-Committees which have delegated responsibilities as part of the Scheme of Reservation and Delegation.

- Audit Committee
- Remuneration Committee
- Decision Making Committee
- Primary Care Committee
- West Cheshire Clinical Commissioning Group
- South Cheshire Clinical Commissioning Group
- Eastern Cheshire Clinical Commissioning Group
- Warrington Clinical Commissioning Group
- Wirral Clinical Commissioning Group
- Vale Royal Clinical Commissioning Group
- North West Specialised Commissioning Group




The Board Sub-Committees all have terms of reference which have been approved by the Board. The Board also had a number of reporting groups from whom they receive minutes as part of the assurance process. These groups included:

- Public Health Governance Groups/Steering Groups for each Primary Care Trust (reported via the Transition Update Board Papers)
- Corporate Management Team (reported via the Transition Update Board Papers)
- Staff Partnership Forum

The Board met regularly either formally where meetings were held in public or informally for the Board's own development. Copies of the Formal Board agendas and papers are available on each of the Primary Care Trust websites and were published 5 working days in advance of the meeting. The minutes of the Board meetings and minutes of supporting groups as outlined below contain details of the attendance of members and any apologies received. The Board developed the following vision and values:

- Honesty and Integrity - by showing respect, fairness and trust to all our staff during a period of major change;
- Clear leadership - to develop positive attitudes and actions recognising the potential for people to make a difference; and by having the courage to take necessary tough decisions in order to successfully deliver the new NHS;
- Collaborative support - to all staff and teams to secure success with Clinical Commissioning, Commissioning Support and Public Health;
- Working creatively - with partners based on the common objective to keep our population at the centre of all we do.

These values were developed to provide focus for the Board in their role as a Cluster Primary Care Trust Board during the transitional period for the NHS. The Board fully complied with the UK Corporate Governance Code and was effective in discharging it roles and responsibilities.

The Audit Committee was responsible for ensuring compliance with statutory requirements and provided assurance to the Board on internal control and governance matters (both clinical and non-clinical), that supported the achievement of the organisation's objectives. The Audit Committee highlights have included:

- Monitoring the impact of wider NHS transition on the Cluster, including commissioning support arrangements, CCG development and the establishment of the NHS Commissioning Board. This included consideration of the impacts on areas of corporate priority including HR and Information Technology. The Committee also considered specific guidance on financial closedown of PCTs;
- Review of areas of financial focus including key aspects of the financial statements such as final accounts timetables, segmental reporting requirements and review of accounting policies. The Committee also reviewed tender waivers, progress against QIPP and losses & special payments;
- Regular updates from internal auditors including plans, progress reports, final reports issued and the Director of Internal Audit annual opinion; the Committee also tracked audit recommendations to ensure these were implemented. The outstanding recommendations have been transferred to the Clinical Commissioning Groups and this process is embedded as part of their governance frameworks;
- Regular updates from external auditors including plans, progress reports, annual governance reports and annual audit letters. The external auditors also provided updates on the transfer of responsibilities to the new external audit provider;
- Review of the Board Assurance Framework as part of the Committee's role to oversee the establishment and maintenance of an effective system of integrated governance, risk management and internal control;
- Updates from each of the PCT/localities and the hosted North West Specialised Commissioning Team focussing on local performance and transition issues; and,
- Review of counter fraud progress reports.

Throughout the year the Board has received copies of the Clinical Commissioning Group Board minutes. These have provided assurances of their delegated responsibilities which include the majority of commissioning budgets and performance of providers. Risk is an agenda item for all Clinical Commissioning Groups and mechanisms are in place to escalate risks for Board attention, where appropriate. Key points reported via these Sub-Committees have included:

- Monitoring of the Clinical Commissioning Group Financial Position;
- Finalising the Clinical Commissioning Group Staffing Structure and developing the organisational development plan;
- Development of a Planning Framework including contracts and the strategic plan for 2012/13;
- Preparing for Formal Board Meetings in public and undertaking Board development programmes;
- Reviewing commissioned services and preparing to implement any willing provider;
- Developing assurance frameworks for managing risk and reporting to the Primary Care Trust Cluster Board;

The NHS Cheshire, Warrington and Wirral Scheme of Reservation and Delegation clearly states that Quality is delegated to the Clinical Commissioning Groups to oversee for their respective providers.

In addition to regular reporting to Clinical Commissioning Group Boards, any exceptions including serious incidents are reported to the Primary Care Trust Cluster. Clinical Commissioning Groups are responsible for ensuring that exceptions are reported in a timely manner to the Primary Care Trust Cluster and that actions

are taken by the providers and themselves to address the exceptions. These exceptions are also included in the Quality Accounts for providers on an annual basis.

At its last formal Board Meeting in March 2013, the corporate handover document for NHS Cheshire Warrington & Wirral (NHS CWW) Cluster was presented. It is intended that this document will signpost all new NHS organisations who take responsibility for Primary Care Trust functions from 1 April 2013 to the key risks, issues and areas of concern of which those new bodies need to be aware as they assume responsibility for the discharge of their functions.

The Corporate Handover document should be read in conjunction with the Quality Handover document which sets out the key quality and safety issues for NHS Cheshire Warrington & Wirral Cluster. This was also presented to the Primary Care Trust Cluster Board in March 2013. Both documents are available on the Primary Care Trust websites as part of the Board papers.

From 1 April 2013 when PCTs were abolished, Area Team Directors continued to discharge the responsibilities associated with the financial closedown of PCTs. The production of the accounts for 2012/13 was supported by LAT Directors of Finance (DoFs). This has included:

- preparation and sign off of PCT accounts for 2012/13;
- support for the completion of the Department's resource account;
- designation of closing balances to residual organisations;
- management of local discharge of balances transferred to the Department; and
- management of payroll queries and other related payroll issues.

However, when PCTs ceased to be statutory bodies on 1 April 2013, the statutory status of the essential scrutiny and governance function provided by Audit Committees has been lost. To maintain rigour in the process, we have established an Audit Sub-Committee of the Department of Health Audit & Risk Committee, to support the final accounts process. This approach will draw on the expertise of current Audit Committee members when forming the Sub-Committee. This arrangement will provide a mechanism with the appropriate status to discharge the function.

The non-executive directors (NEDs) that form the Sub-Committee have been identified locally and include the previous chair of the PCT Cluster. They have been appointed by the Department's Permanent Secretary following local nomination. The Cluster Audit Sub-Committees took place in May and June 2013 to agree the accounts in line with national timescales.

Risk assessment

The Corporate Risk Register enabled the Cluster to understand its comprehensive risk profile. It records dependencies between risks and links between risks on the Board Assurance Framework and the risk registers of individual functions.

The Corporate Risk Register is derived from a number of sources:

- escalation from Risk Registers held by:
  - Clinical Commissioning Groups
  - Commissioning Support Service
  - Public Health Departments
  - Primary Care
  - Cluster wide e.g. Emergency Planning.
- the business planning system, which determined the Primary Care Trusts' principle objectives, corporate activities such as the planning process or business case development, external inspections (e.g. Health and Safety Executive) complaints/ incidents and litigation.

Items for the Risk Register which were a standing item on agendas of:

- The Board
- Audit Committee
- Remuneration and Terms of Service Committee
- Clinical Commissioning Group Boards
- Public Health Governance Committees
- Commissioning Support Service Board
- Primary Care Committee.

The Corporate Risk Register is a dynamic document, held by the Cluster Office. It forms part of the legacy document for when the Primary Care Trusts are abolished. Risks identified as significant or complex were entered on to the Corporate Risk Register, quality assured by the Corporate Management Team before escalation to the Board.

The Assurance Framework was developed in accordance with guidelines provided by the Department of Health.

This is a high level document that recorded the principal risks that could have impacted on the Cluster achieving its strategic objectives. It provided a framework for reporting key information to the Board. It provided assurance that risks were managed effectively and objectives were delivered and also identified which of the Primary Care Trusts' objectives were at risk because of gaps in controls or assurance about them.

During 2012/13 the following risks were highlighted to the Cluster Board:

- Ensuring a robust PCT closedown as part of NHS transition arrangements, including the need to successfully identify and transfer assets and liabilities;
- Assurances need to be in place that commissioned services are safe and of good quality. This risk has been mitigated through inclusion of quality and safety aspects in all contracts and robust contract monitoring arrangements;
- The need to successfully implement the NHS '111' programme. The Cluster has established a Steering Group with representation across all CCGs to implement and monitor progress against key milestones; and,
- The need to support CCGs engagement in the QIPP agenda – this has been mitigated through each CCG having approved, individual QIPP plans and securing GP involvement in QIPP projects.

Principal risks were not considered in isolation, but derived from the prioritisation of risks fed upwards through the whole organisation, including Risk Registers and Assurance Frameworks held and managed by Clinical Commissioning Groups, Public Health Departments, Commissioning Support Service and Primary Care. In this way the Risk Registers will contribute to the Board Assurance Framework and ensure that system risks are identified and monitored.

All Clinical Commissioning Groups/Public Health/Primary Care/Commissioning Support Service minutes are submitted to every formal Cluster Board and each of the groups attends the Board on a rolling basis or when there is a specific item which requires Board approval. The Cluster has a Single Audit Committee which is enabling and supporting the development of local governance groups (inc QIPP governance). Regular quality meetings are held with providers (see further detail below) and Clinical Commissioning Groups. The Chief Executive meets formally with Clinical Commissioning Group Chairs and Chief Officers bi-monthly and with Directors of Public Health also monthly. The Cluster is part of the Regional Management Board in Cheshire and Warrington and the Health and Local Government meetings in Wirral. There is also

senior Cluster attendance at all Health & Wellbeing Boards. Delegated arrangements are detailed in Standing Orders and Financial Instructions

During 2012/13 there were no lapses of data security. Therefore no incidents were reported to the information commissioner relating to any of the Primary Care Trusts.

The risk and control framework

The Risk Management Strategy sets out the responsibility and role of the Chief Executive in relation to Risk Management. The Board took direct responsibility for the monitoring of the assurance framework and for risk management.

Board committees were supported by the governance structure and have received reports from a number of other Trust and locality-wide groups, to ensure that all significant risks were highlighted to the Board.

The Assurance Framework identified those risks deemed as strategically significant to the objectives of the organisation. Risk Management was embedded within the organisation and the process was been cascaded to service areas to assist with the development of an organisation-wide risk awareness culture. This was supported by operational risk registers which enabled risk management decision-making to occur as near as practicable to the risk source, and for those risks that cannot be dealt with locally to be passed upwards to the appropriate level within the organisation.

The Primary Care Trust Assurance Framework, Corporate Risk Register and Top Risks were reviewed and updated regularly. Risks were identified via a number of routes, including reports from staff and senior managers, incidents, complaints and Primary Care Trust Committees. The Cluster Team was responsible for ensuring all risks were appropriately graded and that action plans were regularly monitored.

The Primary Care Trust undertook a wide range of mandatory and statutory training for all staff and there was a greater emphasis on staff training during 2012/13 following the introduction of e-learning. Staff were required to undertake training in relation to Counter Fraud, Equality and Diversity, Fire Safety, Infection Control, Information Governance, Safeguarding Children and Adults as well as Health and Safety. This training was mandatory for all staff and was a key part of the organisation's core induction. This ensured that risk management, risk assessment and incident reporting were highlighted together with key Trust strategies, policies and procedures. These included risk management strategy, infection control, and complaints.

Statutory & Mandatory training compliance rates across the Cluster were taken as at January 2013. Overall the Cluster was 70.6% compliant across the 8 core courses, which was an increase of 1.6% on the October figure. However, training compliance reduced in comparison to the previous year as a result of the NHS Transition. Compliance reports were sent out to the locality HR Teams so that discussion with line managers about ongoing compliance action could be undertaken. Two out of the eight courses are achieving the National compliance rates of 85% or higher".

The Trust has ensured:

- Director objectives were aligned with key Corporate Objectives.
- The Primary Care Trust is committed to engaging local independent contractors to facilitate the development of good governance and risk management processes.
- The Primary Care Trust seeks independent assurances from third party providers of services to the Primary Care Trust over the effectiveness of internal controls in place. Relevant reports covering the review of third party provider controls are presented to the Audit Committee during the year.
- Control measures are in place to ensure that all the organisations' obligations under equality, diversity and human rights legislation are complied with.

**Review of the effectiveness of risk management and internal control**

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work. The overall level of the Head of Internal Audit Opinion is one of significant assurance. Significant assurance can be given that there was a generally sound system of internal control designed to meet the organisation's objectives and that controls were generally being applied consistently. However some weaknesses in the design or inconsistent application of controls put the achievement of particular objectives at risk. Executive managers within the organisation who had responsibility for the development and maintenance of the system of internal control provided me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that managed the risks to the organisation achieving its principal objectives have been reviewed.

My review is also informed by:

- Attendance and debate at the Corporate Management Team Meetings, Primary Care Trust Board, and reports from the Audit Committee.
- The achievement of financial duties and the financial position of the Primary Care Trust.

Assessments from Mersey Internal Audit which report:

- Classified the Assurance Framework at the highest level 'A': 'An Assurance Framework has been established which is designed and operating to meet the requirements of the Annual Governance Statement and provide reasonable assurance that there is an effective system of internal control to manage the principal risks identified by the organisation'.
- Responses to staff and patient surveys and other external reviews.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control.

In addition I am aware of the importance of the roles of the following:

- The Board, The Board's role is to provide active leadership of the Trust within a framework of prudent and effective controls that enable risk to be assessed and managed
- The Audit Committee, as part of an integrated committee structure, is pivotal in advising the Board on the effectiveness of the system of internal control. Any significant internal control issues would be reported to the Board via the Audit Committee. An Audit Committee report has been produced outlining how the Committee complied with its duties delegated to it by the Primary Care Trust Board in its Terms of Reference.
- Executive Directors' roles and responsibilities in ensuring systems of internal control are in place and implemented effectively.
- Internal Audit provides reports to each meeting of the Audit Committee and full reports to the Director of Finance and key officers. The Audit Committee also receives details of any actions that remain outstanding from the follow up of previous audit work. The Director of Finance also meets regularly with the Audit Manager.
- External Audit – provides external audit annual management letter and progress reports to the Audit Committee.

## Significant Issues

### Financial Position at Year End for NHS Cheshire, Warrington and Wirral

The Cluster Plans were for an overall budget of £3.3 billion, which includes £1.1 billion in respect of the North West wide Specialist Commissioning function. The total surplus planned and delivered for the year is £10.3 million, excluding impairments. In addition, it is worth noting the challenging Quality, Innovation, Productivity and Prevention savings of £107.4 million, of which £55.7 million was cash releasing.

### NHS 111 Programme

The 111 Programme had an established governance process for mobilisation actions which were required along with an established, and now on-going clinical governance assurance process since the "go live" of the service at the end of March. The Cluster role was to ensure that the mobilisation requirements were fulfilled and any outstanding actions were managed by way of a risk register as part of the joint mobilisation arrangements with Merseyside. This was due to the contract for the 111 programme being provided on a joint Cheshire and Mersey footprint.

The Cluster also ensured that the clinical governance arrangements were implemented and a structure of local clinical advisory groups (LCAG) established. Each LCAG (based around Out of Hours Services) will be led by a Clinical Commissioning Group, who will be responsible for co-ordinating and establishing the LCAGs, who will report through the 'county' specific clinical governance groups and ultimately via a clinical lead to the North West Clinical advisory group.

### Financial Position

For 2012/13 Central & Eastern Cheshire reported an under spend of £3.547 million against its resource limit of £761.858 million; this under spend will be returned to the health economy in the next financial year. The main financial highlights are as follows:

- We have worked increasingly through our three Clinical Commissioning Groups(CCGs), our Director of Public Health and our Primary Care Team and continued to work towards significant levels of devolved budgets;
- We have achieved Commissioner QIPP savings of £35.2 million in 2012/13;
- We were also required to lodge 2% of our Resource with NHS North and then to apply for its return via a business case, this was intended to demonstrate its Non Recurrent use. This non recurrent expenditure was £14.187 million;
- We have maintained recurrent financial balance.

## Performance Issues

East Cheshire Trust has struggled to deliver the accident and emergency 4 hour standard and the Referral to Treatment standard especially from Quarter 4 of 2012/13. At the end of the year the Trust failed to deliver the required overall year to date 4 hour standard for accident and emergency, however significant recovery plans and actions are now in place to address these performance issues. As a result of the multifactorial issues including pressure within the emergency department and non elective admissions, the Trust has identified with the commissioner that a backlog of elective work has built up and recovery plans have been developed to address this. East Cheshire Trust has also struggled to deliver against the Clostridium difficile targets and as a result of this, in agreement with the commissioner a revised trajectory was put in place and the Trust is currently achieving this.

Mid Cheshire Trust has this year made significant progress with delivering the accident and emergency standard and delivered the overall year to date standard. However in relation to delivery of elective targets

on an individual specialty basis, it was identified that there were capacity issues within ophthalmology, with this currently being addressed between the commissioners and the Trust.

**Specific Issues**

The PCT was subject to a CQC Inspection in relation to Safeguarding Children during 2011/12. A number of recommendations were made with the corresponding action plan now complete with the following actions implemented:

- Service users are being engaged through the provider contracts that have explicit sections within the CQIN for providers to engage with service users. The CCG is also using current engagement routes with Cheshire East and CWAC councils to engage with young people.
- Health needs of care leavers – the CCGs have invested in the cared for Children/LAC nursing services from April 2013 in order to ensure that the young person's health needs have been fully addressed. This also included a health information booklet for the young person as they leave the formal care system so they have a reference guide to help them navigate the health services as an independent young person.
- Children are engaged in the "Be Healthy" agenda through the on-going work in schools, with the specific nursing CFC/LAC services, and through young people's services as a part of the prevention programmes. Young people have been involved in the training of foster carers directly to share their experiences of foster care. There is a planned expansion of the LAC/CFC nursing team shortly: recruitment of relevant health practitioners will involve the children who use the service.
- A routine audit of the health files is carried out by the service as part of the monitoring processes in place. The health files have also been audited via the LSCB multi agency audits as well as Ofsted inspection.

The cared for Children's service has had additional resources to fund improvements in service delivery as outlined in the action plan. This includes additional nursing and medical staffing. These additional resources have been funded by the new CCGs of South Cheshire, Vale Royal and East Cheshire CCGs for 2013/14. The scrutiny group established by Cheshire East Council has also concluded its work and reported this back to council which included the additional resources planned for 2013/14 to address some of the shortfall.

**Conclusion**

To the best of my knowledge, the governance arrangements in place are effective with the exception of the significant issues reported above.

**Accountable Officer:** Moira Dumma

**Organisation:** Central and Eastern Cheshire Primary Care Trust

**Signature:** 

**Date:** 3.6.2013

## APPENDIX 2

### BOARD MEMBERS

### Current Board Members and Period of Office

| Name | Position | Start Date |
|---|---|---|
| Moira Dumma | Chief Executive | 1st October 2012 |
| Michelle Chadwick | Executive Director of Human Resources | |
| Russell Favager | Executive Director of Finance | 14th January 2013 |
| Cathy Maddaford | Executive Director of Quality & Performance/ Executive Nurse | |
| Shayamal Mukherjee | Medical Director | |
| Maureen Swanson | Medical Director | |
| Neil Ryder | Chief Operating Officer – Cheshire and Merseyside Commissioning Support Unit | |
| Fiona Johnstone | Executive Director of Public Health (Wirral) | |
| Heather Grimbaldeston | Executive Director of Public Health (Central and Eastern Cheshire) | |
| Rita Robertson | Executive Director of Public Health (Warrington) | |
| Caryn Cox | Executive Director of Public Health (Western Cheshire) | 1st December 2012 |
| Martin McEwan | Director of Communications and Engagement | |
| Alison Tonge | Executive Director of Commissioning Development | 1st November 2012 |
| Kathy Cowell | Chair | |
| James Kay | Non-Executive Director –Vice Chair | |
| John Gartside | Non-Executive Director-Vice Chair | |
| John Church | Non-Executive Director-Vice Chair | |
| Farath Arshad | Non-Executive Director | |
| Iain Purchase | Non-Executive Director | |
| Sheryl Bailey | Non-Executive Director | |

### Former Serving Board Members and Period of Office

| Name | Position | End Date |
|---|---|---|
| Kathy Doran | Chief Executive | 1st October 2012 |
| Julie Webster | Executive Director of Public Health (Western Cheshire) | 30th November 2012 |
| Phil Wadeson | Executive Director of Finance | 1st September 2012 to 11th January 2013 |
| Simon Holden | Executive Director of Finance | 3rd August 2012 |
| Joanne Forrest | Executive Director of Commissioning Development | 30th November 2012 |
| Bill Forsyth | Medical Director | 31st May 2012 |

## Appendix 3– Register of Cluster Board Interests

| NAME | POSITION | INTERESTS DECLARED | DATE REVIEWED |
|---|---|---|---|
| Farath Arshad | Non-Executive Director | • Research Active Academic with collaboration involving NHS Partners (NMHIS, Trafford NHS Trust, RLBUHT, Mersey Care, Alder Hey)<br>• Advisor on Board of Informatics, Merseyside | March 2013 |
| Sheryl Bailey | Non-Executive Director | • NIL | March 2013 |
| Michelle Chadwick | Director of Human Resources and Organisational Development | • NIL | March 2013 |
| Kathy Cowell | Chair | • Chairman – Your Housing Group (Housing Association), 2012 - 2015<br>• Member - East Cheshire Hospice Strategic Growth Committee, 2009 -<br>• Board Member - Cheshire Community Foundation, 2011 –<br>• Deputy Lieutenant of Cheshire | March 2013 |
| John Church | Vice Chair / Non-Executive Director (Western Cheshire Locality Chair) | • Public Member of Wirral University Teaching Hospital NHS Foundation Trust<br>• Public Member of Countess of Chester NHS Foundation Trust<br>• Public Member of Cheshire and Wirral Partnership NHS Foundation Trust<br>• Church Warden at St Nicholas Church, Burton-in-Wirral<br>• Board Member of NHS North West Social Value Foundation<br>• Trustee Board Director of Save the Family<br>• PCC Secretary of St Nicholas Church, Burton | March 2013 |
| Kathy Doran | Chief Executive | • Trustee - Reader Organisation (Sept 2011)<br>• Member of NIHR Advisory Board and NIHR Public Health Advisory Board<br>• Involved with a range of voluntary sector organisations in contract with NHS Wirral | March 2013 |

| NAME | POSITION | INTERESTS DECLARED | DATE REVIEWED |
|---|---|---|---|
| Joanne Forrest | Managing Director (Warrington) | • NIL | Left November 2013 |
| John Gartside | Non-Executive Director (Warrington Locality Chair) | • Board Member – Big Lottery<br>• Vice Chair - Big Lottery Fund England Committee<br>• Magistrate – Warrington Bench (JP)<br>• Deputy Lieutenant for Cheshire<br>• Freeman of the Warrington Borough<br>• Trustee and Company Secretary of the Tim Parry Jonathan Ball Foundation for Peace<br>• Trustee of Warrington Wolves Foundation<br>• Daughter (Lucy Gartside) is a Consultant in Organisational Development, Human Resources and Commissioning<br>• Trustee of 'Spirit of 2012' – Olympic Legacy Fund | March 2013 |
| Heather Grimbaldeston | Director of Public Health (Central & Eastern Cheshire) | • NIL | April 2012 |
| Simon Holden | Director of Finance | • Chairman of Governors, Pear Tree School<br>• Treasurer, Cheshire Centre for Independent Living<br>• Business Mentor, Princes Trust | Left in September 2013 |
| Fiona Johnstone | Director of Public Health (Wirral) | • Post of Director of Public Health (Wirral) is a joint appointment with Wirral Borough Council | March 2013 |
| James Kay | Non-Executive Director (Wirral Locality Chair) | • Public Member of Wirral University Teaching Hospital NHS Foundation Trust<br>• Productions Director of Riverside Players (Registered Charity and Community Theatre Group) | March 2013 |
| Cathy Maddaford | Director of Nursing, Performance and Quality | • Non Foundation Council Member of Chester University<br>• Magistrate on the West Cheshire Nech | March 2013 |

| NAME | POSITION | INTERESTS DECLARED | DATE REVIEWED |
|---|---|---|---|
| Martin McEwan | Director of Communications and Engagement | • Wirral University Teaching Hospital NHS Foundation Trust Stakeholder Governor<br>• Trustee (Board Member) of Greater Merseyside Connexions<br>• Interim Director of Marketing and Communications, Alder Hey NHS Foundation Trust | March 2013 |
| Dr Shyamal Mukherjee | Medical Director (Wirral) | • Partner of Central Park Medical Centre, Wirral<br>• Member/Past President Rotary club of Wallasey<br>• Trustee Reader's Organisation -Charity Voluntary Sector<br>• Trustee Inspire - Respiratory Charity<br>• Chair – Wirral Ethnic Health and Social Care Advisory Group<br>• Board Member - Wirral Multicultural Organisation<br>• Board Member/ex officio - CCG Group, Wirral<br>• Wife (Dr A Mukherjee) is partner of Central Park Medical Centre, Wirral<br>• Daughter (Dr R Mukherjee) is partner of Central Park Medical Centre, Wirral | March 2013 |
| Iain Purchase | Non-Executive Director | • NIL | April 2012 |
| Rita Robertson | Director of Public Health (Warrington) | • NIL | March 2013 |
| Neil Ryder | Managing Director (Western Cheshire) | • Trustee – Cartrenfi (Charitable Trust) | April 2012 |
| Dr Maureen Swanson | Medical Director (Western Cheshire) | • NIL | March2013 |
| Julie Webster | Director of Public Health (Western Cheshire) | • Director – Cheshire and Warrington Sports Partnership<br>• Class B Director – Leisure Community Interest Company, Cheshire West and Chester<br>• Public Member of Cheshire and Wirral Partnership NHS Foundation Trust<br>• Public Member of Countess of Chester Hospital NHS Foundation Trust | Left November 2012 |

| NAME | POSITION | INTERESTS DECLARED | DATE REVIEWED |
|---|---|---|---|
| Moira Dumma | Chief Executive /Local Area Team Director | • Self appointed as Area Team Director, Cheshire Warrington and Wirral in NHS Commissioning Board | March 2013 |
| Alison Tonge | Director of Commissioning/Local Area Team Director of Commissioning | • NIL | March 2013 |
| Russell Favager | Director of Finance/Local Area Team Director of Finance | • NIL | January 2013 |
| Caryn Cox | Director of Public Health, Western Cheshire | • | December 2012 |
| Phil Wadeson | Finance Director | • Nil | May 2013 |

## Appendix 4 - Central and Eastern Cheshire PCT - Audited

Cluster arrangements came into effect from 1 June 2011. At that date a number of directors from the 4 PCTs within the Cluster took on senior roles working across the Cluster as part of the new Cluster working arrangements. NHS guidance states that the remuneration costs of these individuals can be apportioned across the individual PCTs. The CWW Cluster has decided to notionally apportion these costs equally across the 4 PCTs and the notional costs for Central and Eastern Cheshire PCT are set out in the table below. The full costs to the CWW Cluster are also provided within the following tables.

## Salaries & Allowances for Senior Employees of NHS Cheshire, Wirral & Warrington (from 1st April 2012 - 31st March 2013)

The comparative remuneration costs for 2011/12 relate to the 10 months from the start of Cluster arrangements. The amounts for the two month period prior to the Cluster formation are on the final page. The PCTs responsible for paying individual directors remuneration are highlighted in the notes at the foot of the tables.

| | 2012/13 | | | | 2011/12 | | |
|---|---|---|---|---|---|---|---|
| **Name & Title** | **Salary (bands of £5,000)** | **Other Remuneration (bands of £5,000)** [9] | **Bonus Payments (bands of £5,000)** | **Benefits in Kind ( to nearest £100)** | Salary (bands of £5,000) | Other Remuneration (bands of £5,000 | Benefits in Kind ( to nearest £100) |
| **Cluster Staff (Notional Apportionment)** | | | | | | | |
| **Primary Care Trust Cluster Board** | | | | | | | |
| Moira Dumma - Chief Executive [6] Commenced October 1st 2012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Russell Favager- Director of Finance [6] Commenced January 14th 2013 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Phil Wadeson- Director of Finance [5] Commenced September 1st 2012 – Ceased January 11th 2013 | 5-10 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cathy Maddaford - Director of Nursing Quality & Performance [3] | 20-25 | 45-50 | 0 | 7 | 20-25 | 0 | 5 |
| Michelle Chadwick - Director of Human Resources & Organisational Development [4] | 25-30 | 0 | 0 | 6 | 15-20 | 0 | 0 |
| Martin McEwan - Director of Communications & Engagement(non voting) [1] | 20-25 | 5-10 | 0 | 12 | 15-20 | 0 | 9 |
| Kathy Doran - Chief Executive [1] Ceased October 1st 2012 | 15-20 | 15-20 | 0 | 8 | 30-35 | 0 | 6 |
| Simon Holden - Director of Finance [2] Ceased August 31st 2012 | 10-15 | 0 | 0 | 0 | 20-25 | 0 | 0 |
| Cathy Gritzner - Director of Commissioning Development [1] Ceased March 31st 2012 | 0 | 0 | 0 | 0 | 20-25 | 0 | 1 |
| Joanne Forrest - Director of Commissioning Development- Commenced April 1st2012 – Ceased November 30th 2012 [3/4] | 15-20 [4] | 55-60 [3] | 0 | 0 | 0 | 0 | 0 |
| Alison Tonge - Director of Commissioning Development- Commenced November1st2012 [6] | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Neil Ryder – Chief Operating Officer – Cheshire and Merseyside Commissioning Support Unit/ MD W Cheshire PCT [3] | 25-30 | 0 | 0 | 8 | 15-20 | 0 | 7 |

**Medical Directors (One shared vote)**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Bill Forsyth - Medical Director - Central & Eastern Cheshire PCT Ceased May 31st 2012 [2] | 0-5 | 0 | 0 | 0 | 20-25 | 0 | 0 |
| Maureen Swanson - Medical Director – Warrington PCT & Western Cheshire PCT [3/4] | 25-30 | 55-60 | 0 | 0 | 20-25 | 0 | 0 |
| Shyamal Mukherjee - Medical Director - Wirral PCT [1] | 5-10 | 5-10 | 0 | 0 | 5-10 | 0 | 0 |

**Non Executives**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Kathy Cowell - Chair [2] | 10-15 | 0 | 0 | 0 | 5-10 | 0 | 0 |
| Melinda Acutt - Non Executive Director (until 30 January 2012) [1] | 0 | 0 | 0 | 0 | 0-5 | 0 | 0 |
| Fareth Arshad - Non Executive Director [4] | 0-5 | 0 | 0 | 0 | 0-5 | 0 | 0 |
| Sheryl Bailey - Non Executive Director [3] | 0-5 | 0 | 0 | 0 | 0-5 | 0 | 0 |
| John Gartside - Non Executive Director [4] | 5-10 | 0 | 0 | 0 | 5-10 | 0 | 0 |
| James Kay - Non Executive Director [1] | 5-10 | 0 | 0 | 0 | 5-10 | 0 | 0 |
| Iain Purchase - Non Executive Director [2] | 0-5 | 0 | 0 | 0 | 0-5 | 0 | 0 |
| John Church - Non Executive Director [3] | 5-10 | 0 | 0 | 0 | 5-10 | 0 | 0 |

**Other Primary Care Trust Senior Staff (Full Costs)**

**Directors of Public Health (One shared vote)**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Heather Grimbaldeston - Director of Public Health – Central and Eastern Cheshire PCT [2] | 135-140 | 0 | 0 | 31 | 110-115 | 0 | 30 |

**Cluster Board – Remuneration in Full**

| | 2012/13 | | | | 2011/12 | | |
|---|---|---|---|---|---|---|---|
| **Name & Title** | **Salary (bands of £5,000)** **£000** | **Other Remuneration (bands of £5,000)** [9] **£000** | **Bonus Payments (bands of £5,000)** **£000** | **Benefits in Kind (rounded to nearest £00)** **£00** | Salary (bands of £5,000) £000 | Other Remuneration (bands of £5,000) £000 | Benefits in Kind (rounded to nearest £00) £00 |
| **Primary Care Trust Cluster Board (Remuneration in full)** | | | | | | | |
| Kathy Doran - Chief Executive [1] Ceased October 1st 2012 | 70-75 | 70-75 | 0 | 30 | 125 - 130 | 0 | 24 |
| Simon Holden - Director of Finance [2] Ceased September 1st 2012 | 45 - 50 | 0 | 0 | 0 | 95 - 100 | 0 | 0 |
| Joanne Forrest - Director of Commissioning Development Ceased November 30th 2012 [3/4] | 65-70 [4] | 220-225 [3] | 0 | 0 | 0 | 0 | 0 |
| Cathy Maddaford - Director of Nursing Quality & Performance [3] | 95 - 100 | 190-195 | 0 | 28 | 80 - 85 | 0 | 21 |
| Michelle Chadwick - Director of Human Resources & Organisational Development [4] | 105-110 | 0 | 0 | 25 | 70 - 75 | 0 | 0 |
| Martin McEwan - Director of Communications & Engagement (non voting) [1] | 80 - 85 | 25-30 | 0 | 46 | 65 - 70 | 0 | 35 |
| Neil Ryder – Chief Operating Officer – Cheshire and Merseyside Commissioning Support Unit/ Managing Director Western Cheshire PCT [3] | 100-105 | 0 | 0 | 31 | 65-70 | 0-5 | 28 |
| Phil Wadeson - Director of Finance Appointed September 1st 2012 to January 11th 2013 [5] | 25-30 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Medical Directors (One shared vote)** | | | | | | | |
| Bill Forsyth - Medical Director - Central & Eastern Cheshire PCT [2] | 15-20 | 0 | 0 | 0 | 85-90 | 0 | 0 |
| Maureen Swanson - Medical Director - Warrington PCT & Western Cheshire PCT [3/4] | 115-120 | 225-230 | 0 | 0 | 95-100 | 0 | 0 |
| Shyamal Mukherjee - Medical Director - Wirral PCT [1] | 25 - 30 | 20-25 | 0 | 0 | 20 - 25 | 0 | 0 |

**Non-Executive Directors**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Kathy Cowell - Chair [2] | 40 - 45 | 0 | 0 | 0 | 35 - 40 | 0 | 0 |
| Melinda Acutt - Non Executive Director (until 30th January 2012) [1] | 0 | 0 | 0 | 0 | 5 - 10 | 0 | 0 |
| Fareth Arshad - Non Executive Director [4] | 5 - 10 | 0 | 0 | 0 | 5 - 10 | 0 | 0 |
| Sheryl Bailey - Non Executive Director [3] | 10 - 15 | 0 | 0 | 0 | 10 - 15 | 0 | 0 |
| John Gartside - Non Executive Director [4] | 30 - 35 | 0 | 0 | 0 | 25 - 30 | 0 | 0 |
| James Kay - Non Executive Director [1] | 35 - 40 | 0 | 0 | 0 | 30 - 35 | 0 | 0 |
| Iain Purchase - Non Executive Director [2] | 5 -10 | 0 | 0 | 0 | 5 - 10 | 0 | 0 |
| John Church - Non Executive Director [3] | 30 - 35 | 0 | 0 | 0 | 25 - 30 | 0 | 0 |

**Pension Benefits for Senior Employees at NHS Cheshire, Wirral & Warrington 2012/13**

| Name | Real increase (decrease) in pension at 60 (bands of £2,500) £000 | Real increase (decrease) in pension lump sum at 60 (bands of £2,500) £000 | Total accrued pension at 60 as 31/03/2013 (bands of £5,000) £000 | Lump sum at 60 to accrued pension at 31/03/13 (bands of £5,000) £000 | Cash Equivalent Transfer Value as at 31/03/2013 £000 | Cash Equivalent Transfer Value as at 31/03/2012 £000 | Real increase (decrease) in Cash Equivalent Transfer Value £000 |
|---|---|---|---|---|---|---|---|
| **Primary Care Trust Cluster Board** | | | | | | | |
| Kathy Doran - Chief Executive 1/10 | ( 2.5 – 0 ) | 2.5 – 5.0 | 55 - 60 | 165 - 170 | 0 | 1,068 | 0 |
| Simon Holden - Director of Finance 2 | 5 - 7.5 | 17.5 - 20 | 45 - 50 | 140 - 145 | 786 | 637 | 117 |
| Joanne Forrest - Director of Commissioning Development to November 30th 2012 3/ 4/10 | (2.5 – 0) | (5.0 – 2.5) | 35-40 | 115 - 120 | 0 | 730 | 0 |
| Cathy Maddaford - Director of Nursing Quality & Performance 3 | 0 - 2.5 | 0 – 2.5 | 40 - 45 | 120 - 125 | 0 | 0 | 0 |
| Michelle Chadwick - Director of Human Resources & Organisational Development 4 | 0 – 2.5 | 0- 2.5 | 5 - 10 | 20 - 25 | 136 | 96 | 35 |
| Martin McEwan - Director of Communications & Engagement (non-voting) 1 | 0 - 2.5 | 0 | 5 - 10 | 0 | 66 | 48 | 11 |
| **Medical Directors (One shared vote)** | | | | | | | |
| Bill Forsyth - Medical Director - Central & Eastern Cheshire PCT 2/10 | 0 – 2.5 | 2.5 – 5.0 | 70 - 75 | 210 - 215 | 0 | 1,546 | 0 |
| Maureen Swanson - Medical Director - Warrington PCT & Western Cheshire PCT 3/10/11 | (2.5 - 0) | (7.5 - 5) | 60 - 65 | 180 - 185 | **0** | 711 | 0 |
| Shyamal Mukherjee - Medical Director - Wirral PCT 1/7 | | | | | | | |
| **Directors of Public Health (One vote)** | | | | | | | |
| Heather Grimbaldeston - Director of Public Health – Central and Eastern Cheshire PCT 2 | 0 – 2.5 | 3.0 – 3.5 | 45 -50 | 145 - 150 | 941 | 851 | 47 |
| **Other Senior Officers** | | | | | | | |
| Neil Ryder – Chief Operating Officer – Cheshire and Merseyside CommisCSU/ Managing Director Western Cheshire PCT 3 | 0 - 5 | 10-15 | 30-35 | 90-95 | 519 | 401 | 97 |

**Notes**

1 - Indicates staff employed in a role in the PCT Cluster but are ultimately employed and paid by Wirral PCT
2 - Indicates staff employed in a role in the PCT Cluster but are ultimately employed and paid by Central & Eastern Cheshire PCT
3 - Indicates staff employed in a role in the PCT Cluster but are ultimately employed and paid by Western Cheshire PCT
4 - Indicates staff employed in a role in the PCT Cluster but are ultimately employed and paid by Warrington PCT
5- Indicates a member of staff employed in a role in the PCT Cluster but ultimately employed and paid by Liverpool PCT
6 - Indicates staff employed in a role in the PCT Cluster but are ultimately employed and paid by NHS bodies outside the local NHS community at no cost to the Cluster.
Russell Favager and Alison Tonge were remunerated by NHSCB and Moira Dumma was remunerated by NHS South Birmingham.
7 - Not a member of the NHS Pension Scheme.
8 - Non-Executive Directors do not receive pensionable remuneration at the Cluster and no pension benefits accrue to the positions they hold.
9 - Other remuneration amounts include exit packages for Cluster Board Directors.
10. The Cash Equivalent Transfer Values (CETV) at March 31st 2013 are nil for these directors due to the fact that they are in receipt of pension benefits during 2012/13
11. The opening CETV value at 31st March 2012 for M Swanson has been altered from £1,357 due to receipts of pension benefits in 2012/13

The above roles within the PCT Cluster are considered to be split equally between each of the PCTs.
In the interest of reducing bureaucracy and limiting the complexity and volume of these transactions, the PCT Cluster has agreed not to recharge the notional costs between respective organisations. However Western Cheshire PCT has recharged the full salary of Joanne Forrest and a portion of the salary of Maureen Swanson (35-40 band) to Warrington PCT. A portion of the salary of Julie Webster (30-35 band) has also been recharged to Wirral PCT.

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The roles of those within the emerging clinical commissioning groups have not been included within the disclosures for 2012/13. These roles do not meet the NHS reporting requirements as having responsibility for directing or controlling the major activities of this NHS body.

**Central and Eastern Cheshire Primary Care Trust Pay Multiples**

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

The banded remuneration of the highest paid director in Central and Eastern Cheshire PCT in the financial year 2012/13 was £138,000 (2011/12 £145,000 to £150,000). This was 4.7 times the median remuneration of the work force which was £29,000 (2011/12 – 5.3 times and £27,720)

In 2012/13, 1 employee received remuneration in excess of the highest-paid director. Remuneration ranged from £7,000 to £140,000 (2011/12 – nil and £4,725 to £145,621).

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

## Salaries & Allowances for Senior Employees of Central & Eastern Cheshire PCT from 1st April 2011 - 31st May 2011

| | 2011/12 | | | 2010/11 | | |
|---|---|---|---|---|---|---|
| Name & Title | Salary (bands of £5,000) | Other Remuneration (bands of £5,000 | Benefits in Kind (rounded to nearest £00) | Salary (bands of £5,000) | Other Remuneration (bands of £5,000 | Benefits in Kind (rounded to nearest £00) |
| **Central & Eastern Cheshire PCT staff who work in roles in the PCT Cluster** | | | | | | |
| Mike Pyrah - Chief Executive | 20-25 | 0 | 9 | 135-140 | 0 | 63 |
| Simon Holden - Director of Finance | 15-20 | 0 | 0 | 95-100 | 0 | 0 |
| Heather Grimbaldeston - Director of Public Health | 20-25 | 0 | 6 | 130-135 | 0 | 35 |
| Bill Forsyth - Medical Director | 15-20 | 0 | 0 | 105-110 | 0 | 0 |
| Simon Whitehouse - Vale Royal/South Cheshire GP Commissionigng Consortium * | 10-15 | 0 | 4 | 25-30 | 0 | 41 |
| Jerry Hawker - Eastern Cheshire Commissioning Consortium * | 10-15 | 0 | 5 | 30-35 | 0 | 36 |
| Kathy Cowell - Chair * | 5-10 | 0 | 0 | 15-20 | 0 | 0 |
| Iain Purchase - Non Executive Director | 0-5 | 0 | 0 | 5-10 | 0 | 0 |
| Paul Bowen - Commissioning Executive Member | 5-10 | 0 | 0 | 35-40 | 0 | 0 |
| Jonathan Griffiths - Commissioning Executive Member | 5-10 | 0 | 0 | 20-25 | 0 | 0 |
| Andrew Wilson - Commissioning Executive Member | 5-10 | 0 | 0 | 30-35 | 0 | 0 |
| **Central & Eastern Cheshire PCT staff who remain in roles at the PCT** | | | | | | |
| Fiona Field - Director of Governance & Strategic Planning | 10-15 | 0 | 4 | 85-90 | 0 | 50 |
| Ged Timson - Director of Primary Care | 15-20 | 0 | 0 | 20-25 | 0 | 0 |
| Stuart Jackson - Executive Director of Knowledge & Performance Management | 15-20 | 0 | 5 | 75-80 | 0 | 10 |
| Sally Campbell - Director of HR & Workforce# | | | | 35-40 | 0 | 0 |
| Tracy Harding - Director of ICT | 10-15 | 0 | 9 | 85-90 | 0 | 50 |
| Susan Carr - Non Executive Director | 5-10 | 0 | 0 | 5-10 | 0 | 0 |
| Graham Bruce - Non Executive Director | 0-5 | 0 | 0 | 5-10 | 0 | 0 |
| Emily Lam - Non Executive Director | 0-5 | 0 | 0 | 5-10 | 0 | 0 |
| Jonathan Lord - Non Executive Director | 0-5 | 0 | 0 | 5-10 | 0 | 0 |
| Paul Ancell - Non Executive Director | 0-5 | 0 | 0 | 5-10 | 0 | 0 |
| Mike Ridley - Non Executive Director | 0-5 | 0 | 0 | 10-15 | 0 | 0 |
| Mark Dickinson - Commissioning Executive Member | 20-25 | 0 | 0 | 120-125 | 0 | 0 |
| Ged O'sullivan - Commissioning Executive Member | 0-5 | 0 | 0 | 40-45 | 0 | 0 |
| Neil Paul - Commissioning Executive Member | 5-10 | 0 | 0 | 30-35 | 0 | 0 |
| Robert Owen - Independent Lay Member | 0 | 0 | 0 | 5-10 | 0 | 0 |
| Jonathan Burton - Independent Lay Member | 0 | 0 | 0 | 5-10 | 0 | 0 |
| Graham Chambers - Independent Lay Member | 0 | 0 | 0 | 5-10 | 0 | 0 |

* 2010/11 costs refer to part year
# - 2011/12 pay costs now included in SLA from East Cheshire NHS Trust

Appendix 5 - Sustainability Report

What is your Trust identification code? 5NP

What is your Trust name? Central & Eastern Cheshire PCT

**What was your total expenditure on energy in each of the last five financial years?**

| | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 |
|---|---|---|---|---|---|
| Energy Cost £ | 329,011 | 171,224 | 175,051 | 231,101 | 116,350 |
| | | | | | 50% |

% Reduction: 50

£ Reduction: 114,751 / 114751

Hip Operations: 20

**What is the NPV of the savings expected as as a result of your plans to change your organisation to make it more sustainable. What length of time does this assessment cover?**

Nurses: 0

NPV

Time period

**What weight of the waste you generate is recycled, and what does this represent as a proportion of total waste?**

| | 2012/13 | Proportion | Percentage |
|---|---|---|---|
| Total Waste | 191.71 | | |
| Recycled waste | 134.2 | 0.700015649 | 70 |

**What was your total consumption of energy in each of the last five years (MWh), what was your floor area (in order to calculate energy intensity), what proportion of your energy comes form renewable sources and how much of your energy is generated on site?**

| | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 |
|---|---|---|---|---|---|
| Oil | | | | | |
| Gas | 3119 | 4333.3 | 4333.34 | 2116.64 | 125.478 |
| Coal | | | | | |
| Renewables | | | | | |
| Other | | | | | |
| Electricity | | | | 1358.45 | 188.21 |
| TOTAL | 3119 | 4333.3 | 4333.34 | 3475.09 | 313.688 |

0

Risen/Fallen: fallen

| | 2011/12 | 2012/13 |
|---|---|---|
| Floor Area (m2) | 2,151 | 1,784 |
| | 1.62 | 0.18 |

Proportion of Energy Generated on site: 0

We do not generate any energy.

**Is the tariff which you pay for electricity a "green" or "renewable" tariff?**

**What was your Operating Expenditure (per the financial statements) in the last 2 financial years?**

| 2011/12 | 2012/13 |
|---|---|
| 724,168,000 | 757,720,000 |

Energy as a proportion of costs

| 2011/12 | 2012/13 |
|---|---|
| 0.02 | 0.03 |

**What were your gross scope 1-3 carbon emissions over the last 5 years, and how were they constituted?**

| | UNIT | | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 |
|---|---|---|---|---|---|---|---|
| Emissions as a result of Electricity Consumption | kWh | Electricity | 6088 | 328 | 336 | 336 | 336 |
| Emissions as a result of Gas Consumption | kWh | Gas | 23 | 133 | 133 | 133 | 133 |
| Emissions as a result of Business Travel - Air | km | Air | | | | | |
| Emissions as a result of Business Travel - Road | miles | Road | 289 | 204 | 227 | 163 | 163 |
| Emissions as a result of Business Travel - Rail | miles | Rail | | | | | |
| Emissions as a result of Other activities | tonnes Co2 | Other | | | | | |

CONVERSION FACTORS

| 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 |
|---|---|---|---|---|
| 0.60815 | 0.59668 | 0.58982 | 0.58982 | 0.58982 |
| 0.20435 | 0.20435 | 0.20435 | 0.20435 | 0.20435 |
| 0.20124 | 0.20124 | 0.20124 | 0.20124 | 0.20124 |
| 0.37604 | 0.37604 | 0.37604 | 0.37604 | 0.37604 |
| 0.06715 | 0.06715 | 0.06715 | 0.06715 | 0.06715 |

| 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | INCLUSION |
|---|---|---|---|---|---|
| 3702.417 | 195.711 | 198.1795 | 198.1795 | 198.1795 | 0 |
| 4.70005 | 27.17855 | 27.17855 | 27.17855 | 27.17855 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 108.6756 | 76.71216 | 85.36108 | 61.29452 | 61.29452 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |

Change in Emissions 0 reduced 0

Scope 3 0

**If you gather data on your Other (Scope 3) emissions, please enter details as to what this assessment includes in the form of the sentence**

"Our Other emissions value includes healthcare purchased from non NHS organisations, emissions arising from water and waste use, purchased pharaceuticals and medical instruments, staff, patient and visitor travel."

**What was your water consumption in m3 in the last 4 financial years?**

| | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | Gross reduction | | |
|---|---|---|---|---|---|---|---|---|
| Water consumption | 14,482 | 10375 | 11395 | 6654 | 4923 | -1731 | reduced | 1731 |

**What was your total expenditure on water in the last financial year?** £23,057

**What was your gross expenditure on the CRC Energy Efficiency Scheme in 2012/13?** £0 Incomplete

**What was your expenditure on official business travel in 2012/13?** £429,541 Complete

**What was your expenditure on waste disposal in the following categories:**

| | 2011/12 | 2012/13 |
|---|---|---|
| Total Waste arising | | |
| Waste sent to landfill | 42501 | 6987 |
| Waste recycled/reused | 55152 | 1033 |
| Waste incinerated/energy from waste | 40389 | 95866 |

**If you have consumed finite resources, and in in doing so incurred material expenditure, then please complete the following boxes**

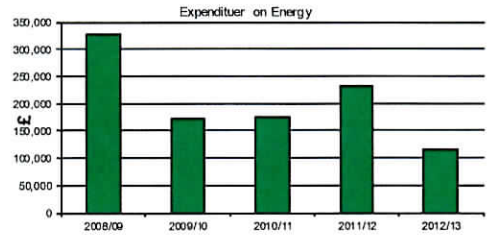
| | |
|---|---|
| Expenditure | £0 |
| Nature of resource | £0 |

| | Yes/No | |
|---|---|---|
| **Has your Board approved a Sustainable Development Management Plan in the last 12 months?** | Yes | 1 |
| **Has your board approved plans which address the potential need to adapt the organisation's activities (models of care) as a result of climate change?** | No | 2 |
| **Has your board approved plans which address the potential need to adapt the organisation's buildings or estates as a result of climate change?** | No | 3 |
| **Does your board consider sustainability issues as part of its risk management process?** | No | 4 |
| **Have you developed policies on sustainable procurement?** | No | 5 |
| **Have you begun to calculate carbon emissions related to procurement of goods and services?** | | |
| **Is there a Board Level lead for Sustainability on your Board?** | No | 6 |
| If Yes - What is their name? | | |
| **Are sustainability issues, such as carbon reduction, included in the job descriptions of all staff?** | No | 7 |
| **When was your last staff energy awareness campaign?** | 1st May 2011 | 8 |
| If it is an ongoing process please enter yes into the orange box on this line | | |
| If you have not conducted an energy awareness campaign, please enter No into the box on this line | | |
| **Do you have a Sustainable Transport Plan?** | No | 9 |

**If you have used estimation, please indicate what quarters this estimation applies to:**

| | |
|---|---|
| Q1 | Yes |
| Q2 | Yes |
| Q3 | Yes |
| Q4 | Yes |

# 50%




The NHS aims to reduce its carbon footprint by 10% between 2009 and 2015. Reducing the amount of energy used in our organisation contributes to this goal

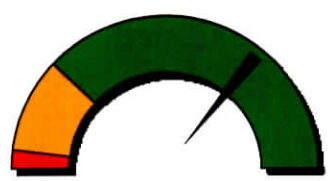
There is also a financial benefit which comes from reducing our energy bill.

By reducing our energy costs by 50% in 2012/13, we have saved £114,751, the equivalent of 20 hip operations.

# £0,000

We have not yet quantified our plans to reduce carbon emissions and improve our environmental sustainability

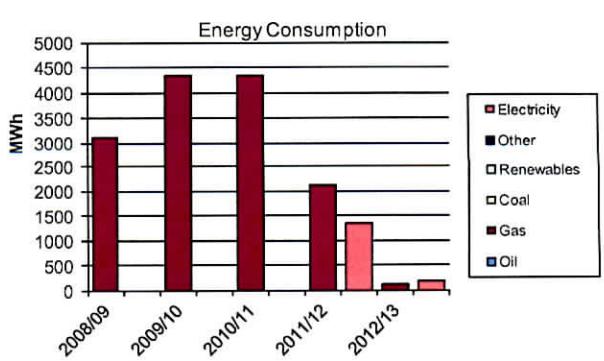
# 134 tonnes



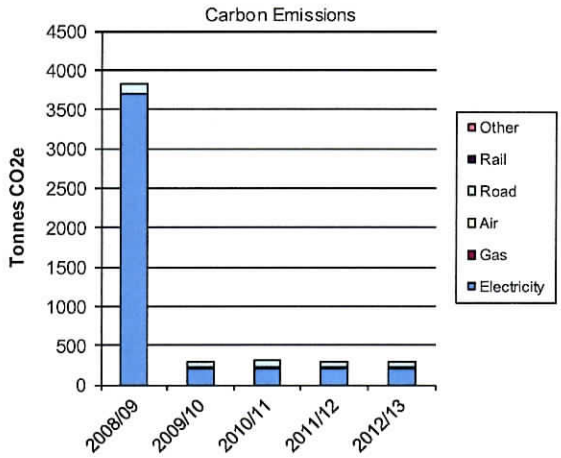

We recover or recycle 134.2 tonnes of waste, which is 70% of the total waste we produce.

Our total energy consumption has fallen during the year, from 3,475 to 314 MWh

Our relative energy consumption has changed during the year, from 1.62 to 0.18 MWh/square metre.



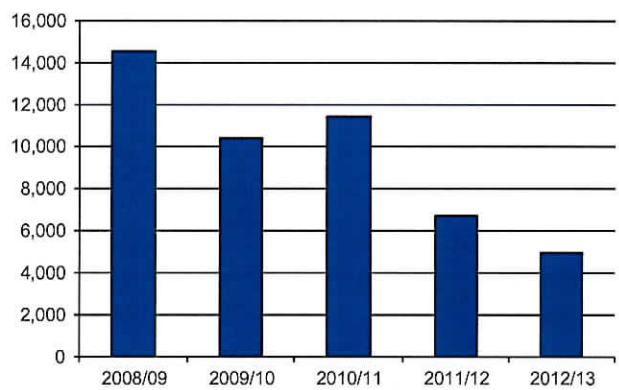

Renewable energy represents 0.0% of our total energy use. We do not generate any energy. We have not made arrangements to purchase electricity generated from renewable sources




Our measured greenhouse gas emissions have reduced by 0,000 tonnes this year.

0

Water consumption in cubic metres




Our water consumption has reduced by 1,731 cubic meters in the recent financial year.

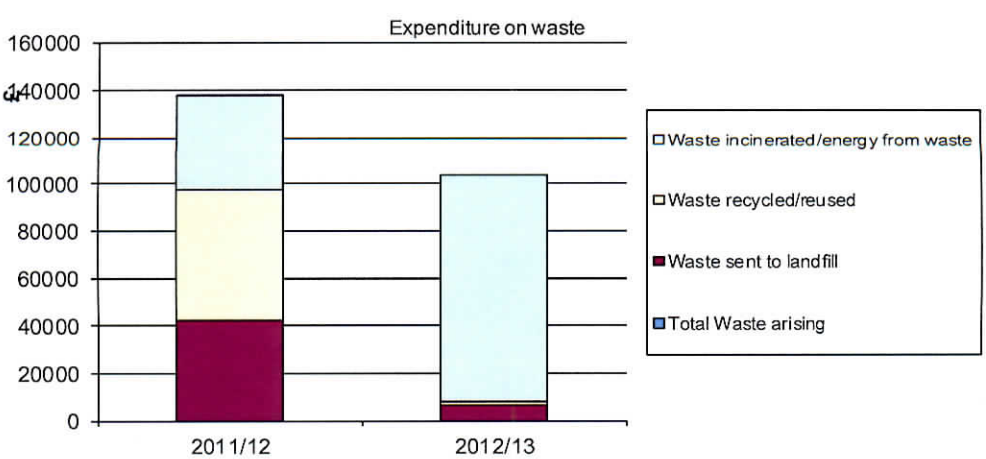
In 2012/13 we spent £23,057 on water.

During 2012/13 our gross expenditure on the CRC Energy Efficiency Scheme was £0

The CRC Energy Efficiency Scheme is a mandatory scheme aimed at improving energy efficiency and cutting emissions in large public and private sector organisations.

During 2012/13 our total expenditure on business travel was £429,541.

Our expenditure on waste in the last two years was incurred as follows:



Our organisation has an up to date Sustainable Development Management Plan. Having an up to date Sustainable Development Management plan is a good way to ensure that an NHS organisation fulfils its commitment to conducting all aspects of its activities with due consideration to sustainability, whilst providing high quality patient care. The NHS Carbon Reduction Strategy asks for the boards of all NHS organisations to approve such a plan.

We consider neither the potential need to adapt the organisation's activities nor its buildings and estates as a result of climate change.

Adaptation to climate change will pose a challenge to both service delivery and infrastructure in the future. It is therefore appropriate that we consider it when planning how we will best serve patients in the future.

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

We plan to start work on calculating the carbon emissions associated goods and services we procure. In addition to our focus on carbon, we are also committed to reducing wider environmental and social impacts associated with the procurement of goods and services. This will be set out within our policies on sustainable procurement.

There is no Board Level lead for Sustainability. A Board Level lead for Sustainability ensures that sustainability issues have visibility and ownership at the highest level of the organisation.

Sustainability issues, such as carbon reduction, are not currently included in the job descriptions of all staff. Our last staff awareness campaign was conducted on the 1st May 2011. "A sustainable NHS can only be delivered through the efforts of all staff". Staff awareness campaigns have been shown to deliver cost savings and associated reductions in carbon emissions.

Our organisation does not have a Sustainable Transport Plan. The NHS places a substantial burden on the transport infrastructure, whether through patient, clinician or other business activity. This generates an impact on air quality and greenhouse gas emissions. It is therefore important that we consider what steps are appropriate to reduce or change travel patterns.

## Appendix 6 - Off-payroll engagements

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

| | NHS Central and Eastern Cheshire |
|---|---|
| **No. In place on 31st January 2012** | 6 |
| Of which: | |
| No. that have since come onto the Organisation's payroll | 0 |
| Of which: | |
| No. that have since been re-negotiated/re-engaged to include to include contractual clauses allowing the (department) to seek assurance as to their tax obligations | 0 |
| No. that have not been successfully re-negotiated, and therefore continue without contractual clauses allowing the (department) to seek assurance as to their tax obligations. See note below. | 5 |
| No that have come to an end | 1 |
| **Total at 31st March 2013** | 5 |

**Note:** 5 temporary members of staff who are employed via recruitment firms which the PCT pays upon receipt of invoice. The agency firms take the responsibility to ensure that staff tax obligations are met.

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

| | NHS Central and Eastern Cheshire |
|---|---|
| No. of new engagements | 0 |
| Of which: | |
| No. of new engagements which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations | 0 |
| Of which: | |
| No. for whom assurance has been accepted and received | 0 |
| No. for whom assurance has been accepted and not received | 0 |
| No. that have been terminated as a result of assurance not being received | 0 |
| **Total at 31st March 2013** | 0 |

Department of Health

NHS

# Central and Eastern Cheshire Primary Care Trust

## 2012-13 Accounts

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# Central and Eastern Cheshire Primary Care Trust

2012-13 Accounts

Department of Health

## STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.
- ensure that the PCT kept proper accounting records which disclosed with reasonable accuracy at any time the financial position of the primary care trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State.
- have taken reasonable steps for the prevention and detection of fraud and other irregularities.

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

By order of the Permanent Secretary

3.6.2013 Date ..... Signing Officer

3/6/13 Date ..... Finance Signing Officer

Department of Health

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

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

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

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

Signed.....Designated Signing Officer

Name: MOIRA DONNA

Date.....3.6.2013

# FOREWORD TO THE ACCOUNTS

# CENTRAL & EASTERN CHESHIRE PRIMARY CARE TRUST

These accounts for the year ended 31st March 2013 have been prepared by the Central & Eastern Cheshire PCT under s98 (2) of the National Health Service Act 1977 in the form which the Secretary of State has, with the approval of the Treasury, directed.

## 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 | **16,573** | 16,043 |
| Other costs | 5.1 | **780,986** | 743,668 |
| Income | 4 | **(39,209)** | (35,543) |
| **Net operating costs before interest** | | **758,350** | 724,168 |
| Investment income | | **0** | 0 |
| Other (Gains)/Losses | 9 | **(54)** | (60) |
| Finance costs | 10 | **0** | 11 |
| **Net operating costs for the financial year** | | **758,296** | 724,119 |
| **Of which:** | | | |
| **Administration Costs** | | | |
| Gross employee benefits | 7.1 | **14,107** | 13,445 |
| Other costs | 5.1 | **11,888** | 8,117 |
| Income | 4 | **(5,816)** | (3,780) |
| **Net administration costs before interest** | | **20,179** | **17,782** |
| Investment income | | **0** | 0 |
| Other (Gains)/Losses | 9 | **(54)** | (60) |
| Finance costs | 10 | **0** | 0 |
| **Net administration costs for the financial year** | | **20,125** | **17,722** |
| **Programme Expenditure** | | | |
| Gross employee benefits | 7.1 | **2,466** | 2,598 |
| Other costs | 5.1 | **769,098** | 735,551 |
| Income | 4 | **(33,393)** | (31,763) |
| **Net programme expenditure before interest** | | **738,171** | **706,386** |
| Investment income | | **0** | 0 |
| Other (Gains)/Losses | 9 | **0** | 0 |
| Finance costs | 10 | **0** | 11 |
| **Net programme expenditure for the financial year** | | **738,171** | **706,397** |

| **Other Comprehensive Net Expenditure** | 2012-13 £000 | 2011-12 £000 |
|---|---|---|
| Impairments and reversals put to the Revaluation Reserve | **(6)** | 0 |
| Net (gain) on revaluation of property, plant & equipment | **0** | (211) |
| Net (gain) on revaluation of intangibles | **0** | 0 |
| Net (gain) on revaluation of financial assets | **0** | 0 |
| Net (gain)/loss on other reserves | **0** | 0 |
| Net (gain)/loss on available for sale financial assets | **0** | 0 |
| Net (gain) /loss on Assets Held for Sale | **0** | 0 |
| Release of Reserves to Statement of Comprehensive Net Expenditure | **0** | 0 |
| Net actuarial (gain)/loss on pension schemes | **0** | 0 |
| **Reclassification Adjustments** | | |
| Reclassification adjustment on disposal of available for sale financial assets | **0** | 0 |
| **Total comprehensive net expenditure for the year** | **758,290** | **723,908** |

The notes on pages 5 to 46 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 | 11 | **13,095** | 12,682 |
| Intangible assets | 12 | **144** | 87 |
| investment property | | **0** | 0 |
| Other financial assets | | **0** | 0 |
| Trade and other receivables | 16 | **0** | 0 |
| **Total non-current assets** | | **13,239** | 12,769 |
| **Current assets:** | | | |
| Inventories | 15 | **2** | 1 |
| Trade and other receivables | 16 | **8,097** | 5,499 |
| Other financial assets | | **0** | 0 |
| Other current assets | | **0** | 0 |
| Cash and cash equivalents | 17 | **6** | 6 |
| **Total current assets** | | **8,105** | 5,506 |
| Non-current assets held for sale | 18 | **0** | 0 |
| **Total current assets** | | **8,105** | 5,506 |
| **Total assets** | | **21,344** | 18,275 |
| **Current liabilities** | | | |
| Trade and other payables | 19 | **(47,173)** | (44,849) |
| Other liabilities | | **0** | 0 |
| Provisions | 20 | **(4,600)** | (3,457) |
| Borrowings | | **0** | 0 |
| Other financial liabilities | | **0** | 0 |
| **Total current liabilities** | | **(51,773)** | (48,306) |
| **Non-current assets plus/less net current assets/liabilities** | | **(30,429)** | (30,031) |
| **Non-current liabilities** | | | |
| Trade and other payables | 19 | 0 | 0 |
| Other Liabilities | | 0 | 0 |
| Provisions | 20 | (1,652) | (1,732) |
| Borrowings | | 0 | 0 |
| Other financial liabilities | | 0 | 0 |
| **Total non-current liabilities** | | **(1,652)** | (1,732) |
| **Total Assets Employed:** | | **(32,081)** | (31,763) |
| **Financed by taxpayers' equity:** | | | |
| | | (36,075) | (35,758) |
| Revaluation reserve | | 3,994 | 3,995 |
| Other reserves | | 0 | 0 |
| **Total taxpayers' equity:** | | **(32,081)** | (31,763) |

The notes on pages 5 to 46 form part of this account.

The financial statements on pages 1 to 46 were approved by the Audit Sub-Committee of the Department of Health on 3 June 2013 and signed on its behalf by

**Designated Signing Officer:** Mairi Dunne **Date:** 3.6.2013

## Statement of Financial Position at 31 March 2013

| | NOTE | 31 March 2013 £000 | 31 March 2012 £000 |
|---|---|---|---|
| **Non-current assets:** | | | |
| Property, plant and equipment | 11 | **13,095** | 12,682 |
| Intangible assets | 12 | **144** | 87 |
| investment property | | **0** | 0 |
| Other financial assets | | **0** | 0 |
| Trade and other receivables | 16 | **0** | 0 |
| **Total non-current assets** | | **13,239** | 12,769 |
| **Current assets:** | | | |
| Inventories | 15 | **2** | 1 |
| Trade and other receivables | 16 | **8,097** | 5,499 |
| Other financial assets | | **0** | 0 |
| Other current assets | | **0** | 0 |
| Cash and cash equivalents | 17 | **6** | 6 |
| **Total current assets** | | **8,105** | 5,506 |
| Non-current assets held for sale | 18 | **0** | 0 |
| **Total current assets** | | **8,105** | 5,506 |
| **Total assets** | | **21,344** | 18,275 |
| **Current liabilities** | | | |
| Trade and other payables | 19 | **(47,173)** | (44,849) |
| Other liabilities | | **0** | 0 |
| Provisions | 20 | **(4,600)** | (3,457) |
| Borrowings | | **0** | 0 |
| Other financial liabilities | | **0** | 0 |
| **Total current liabilities** | | **(51,773)** | (48,306) |
| **Non-current assets plus/less net current assets/liabilities** | | **(30,429)** | (30,031) |
| **Non-current liabilities** | | | |
| Trade and other payables | 19 | 0 | 0 |
| Other Liabilities | | 0 | 0 |
| Provisions | 20 | (1,652) | (1,732) |
| Borrowings | | 0 | 0 |
| Other financial liabilities | | 0 | 0 |
| **Total non-current liabilities** | | **(1,652)** | (1,732) |
| **Total Assets Employed:** | | **(32,081)** | (31,763) |
| **Financed by taxpayers' equity:** | | | |
| | | (36,075) | (35,758) |
| Revaluation reserve | | 3,994 | 3,995 |
| Other reserves | | 0 | 0 |
| **Total taxpayers' equity:** | | **(32,081)** | (31,763) |

The notes on pages 5 to 46 form part of this account.

The financial statements on pages 1 to 46 were approved by the Audit Sub-Committee of the Department of Health on 3 June 2013 and signed on its behalf by

**Signing Officer:** **Date:**

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

| | General fund | Revaluation reserve | Other reserves | Total reserves |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| **Balance at 1 April 2012** | **(35,758)** | **3,995** | **0** | **(31,763)** |
| **Changes in taxpayers' equity for 2012-13** | | | | |
| Net operating cost for the year | (758,296) | 0 | 0 | **(758,296)** |
| Net gain on revaluation of property, plant, equipment | 0 | 0 | 0 | **0** |
| Net gain on revaluation of intangible assets | 0 | 0 | 0 | **0** |
| Net gain on revaluation of financial assets | 0 | 0 | 0 | **0** |
| Net gain on revaluation of assets held for sale | 0 | 0 | 0 | **0** |
| Impairments and reversals | 0 | 6 | 0 | **6** |
| Movements in other reserves | 0 | 0 | 0 | **0** |
| Transfers between reserves | 7 | (7) | 0 | **0** |
| Release of Reserves to SOCNE | 0 | 0 | 0 | **0** |
| **Reclassification Adjustments** | | | | |
| Transfers between Revaluation Reserve & General Fund in respect of assets transferred under absorption | 0 | 0 | 0 | **0** |
| Net actuarial gain/(loss) on pensions | 0 | 0 | 0 | **0** |
| **Total recognised income and expense for 2012-13** | **(758,289)** | **(1)** | **0** | **(758,290)** |
| Net Parliamentary funding | 757,972 | 0 | 0 | **757,972** |
| **Balance at 31 March 2013** | **(36,075)** | **3,994** | **0** | **(32,081)** |
| | | | | |
| **Balance at 1 April 2011** | **(30,591)** | **3783** | **0** | **(26,808)** |
| **Changes in taxpayers' equity for 2011-12** | | | | |
| Net operating cost for the year | (724,119) | 0 | 0 | (724,119) |
| Net Gain / (loss) on Revaluation of Property, Plant and Equipment | 0 | 211 | 0 | 211 |
| Net Gain / (loss) on Revaluation of Intangible Assets | 0 | 0 | 0 | 0 |
| Net Gain / (loss) on Revaluation of Financial Assets | 0 | 0 | 0 | 0 |
| Net Gain / (loss) on Assets Held for Sale | 0 | 0 | 0 | 0 |
| Impairments and Reversals | 0 | 0 | 0 | 0 |
| Movements in other reserves | 0 | 0 | 0 | 0 |
| Transfers between reserves | (1) | 1 | 0 | 0 |
| Release of Reserves to Statement of Comprehensive Net Expenditure | 0 | 0 | 0 | 0 |
| **Reclassification Adjustments** | | | | |
| Transfers to/(from) Other Bodies within the Resource Account Boundary | 0 | 0 | 0 | 0 |
| On disposal of available for sale financial assets | 0 | 0 | 0 | 0 |
| Net actuarial gain/(loss) on pensions | 0 | 0 | 0 | 0 |
| **Total recognised income and expense for 2011-12** | (724,120) | 212 | 0 | (723,908) |
| Net Parliamentary funding | 718,953 | 0 | 0 | 718,953 |
| **Balance at 31 March 2012** | **(35,758)** | **3,995** | **0** | **(31,763)** |

## Statement of cash flows for the year ended 31 March 2013

| | 2012-13 £000 | 2011-12 £000 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Net Operating Cost Before Interest | **(758,350)** | (724,168) |
| Depreciation and Amortisation | **1,182** | 1,121 |
| Impairments and Reversals | **782** | 348 |
| 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** | (11) |
| Release of PFI/deferred credit | **0** | (96) |
| (Increase)/Decrease in Inventories | **(1)** | 147 |
| (Increase)/Decrease in Trade and Other Receivables | **(2,598)** | 2,729 |
| (Increase)/Decrease in Other Current Assets | **0** | 0 |
| Increase/(Decrease) in Trade and Other Payables | **2,253** | (692) |
| (Increase)/Decrease in Other Current Liabilities | **0** | 0 |
| Provisions Utilised | **(3,853)** | (1,470) |
| Increase/(Decrease) in Provisions | **4,916** | 3,545 |
| **Net Cash Inflow/(Outflow) from Operating Activities** | **(755,669)** | **(718,547)** |
| **Cash flows from investing activities** | | |
| Interest Received | **0** | 0 |
| (Payments) for Property, Plant and Equipment | **(2,367)** | (489) |
| (Payments) for Intangible Assets | **(84)** | (60) |
| (Payments) for Other Financial Assets | **0** | 0 |
| (Payments) for Financial Assets (LIFT) | **0** | 0 |
| Proceeds of disposal of assets held for sale (PPE) | **148** | 143 |
| Proceeds of disposal of assets held for sale (Intangible) | **0** | 0 |
| Proceeds from Disposal of Other Financial Assets | **0** | 0 |
| Proceeds from the disposal of Financial Assets (LIFT) | **0** | 0 |
| Loans Made in Respect of LIFT | **0** | 0 |
| Loans Repaid in Respect of LIFT | **0** | 0 |
| Rental Revenue | **0** | 0 |
| **Net Cash Inflow/(Outflow) from Investing Activities** | **(2,303)** | **(406)** |
| **Net cash inflow/(outflow) before financing** | **(757,972)** | **(718,953)** |
| **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 | **757,972** | 718,953 |
| 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** | **757,972** | **718,953** |
| **Net increase/(decrease) in cash and cash equivalents** | **0** | **0** |
| **Cash and Cash Equivalents ( and Bank Overdraft) at Beginning of the Period** | **6** | **6** |
| 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** | **6** | **6** |

## 1. Accounting policies

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

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

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

### 1.1 Accounting Conventions

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

### Going Concern

Under the provisions of The Health and Social Care Act 2012 (Commencement No.4. Transitional, Savings and Transitory Provisions) Order 2013, Central and Eastern Cheshire PCT was dissolved on 1st April 2013. The PCT's functions, assets and liabilities transferred to other public sector entities as outlined in Note 30 Events after the Reporting Period. Where reconfigurations of this nature take place within the public sector, Government accounting requires that the activities concerned are to be considered as continuing operations, and so the closing entity prepares accounts on a "going concern" basis.

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

**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.

**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.

Prescribing estimates

There is an average six week delay in receiving from the Prescription Pricing Department (PPD) the costs of prescriptions dispensed and a forecast year position by practice. For 2012/13, the PPD has indicated that the final March 2013 figures will therefore not be available until mid May 2013. The figures included in these accounts are therefore based on the actual figures received for January 2013, and an estimate for February and March 2013 (£8,645,000), based on the PPD's expenditure profile. For the Pharmacy element of the contract, the estimate is based on a 3 months delay and therefore an estimate is made for January, February and March (£3,752,000).

## 1. Accounting policies (continued)

**Critical accounting judgements and key sources of estimation uncertainty (continued)**

Continuing Health Care Claims

The PCT has a number of cases open for continuing health care claims. The claims, once all relevant data has been gathered, are reviewed by a local panel of assessors to come to a decision as to whether to uphold the claim or not. A further appeals process is available if clients are not satisfied with the decision of the panel. A provision is therefore placed in the Statement of Financial Position. This provision is based on the best estimate of success by the PCT from the data available for each current case, and is made by an experienced member of clinical staff. The time taken to settle cases varies from 1-5 years. During the financial year 2012/13 the Department of Heath issued new guidance with deadlines for new retrospective claims. This guidance was widely communicated and resulted in an additional 676 cases. The deadline issued was 30 September 2012 for claims relating between 2004 -2011 and 31 March 2012 for new claims relating to 2011/12.

**For Existing Cases**

A provision is made for any claim with a risk factor of 40% or above, and is accounted for as 100% of the potential claim. This means there is a 40% chance of the PCT having to pay the full costs of any claim. Claims with a risk factor less than 40% are included under contingent liabilities (see note 21). This risk factor is viewed by the PCT as being a prudent and balanced assessment which will be measured over time, and re-assessed if necessary.

**For new cases (as a result of the retrospective claims deadline)**

A sample of closedown claims were reviewed and this, together with the experience of staff involved in CHC claims handling, was used to make an assessment of the likely fall out rate at each of the stages of claims management. Also, based on past experience, a further assessment was made of the potential claims resulting in payment via dispute and Independent Review Panel processes. This approach provided an estimate of the conversion rate for successful claims.

The final stages to calculating the provision was to apply local PCT intelligence for the average claim period (based on historic claims) and the weekly cost per bed (based on local rates paid to homes) which was an average of 14.4% for the PCT. Earlier in 2012/13 NHS North had produced a model for assessment of CHC provisions which included a worst case scenario of 15%.

The calculation of the provisions for closedown claims has required a significant degree of judgement and estimation. The approach adopted has been consistent whilst also building in local influencing factors. Local intelligence has been applied in relation to average claim period and local rates paid per bed per week.

Legal Claims

The PCT is advised by the NHSLA of total member liabilities that need to be accounted for.

Pensions

The PCT reviews the liability of former staff pensions on an annual basis and re-assesses the provision on the latest data.

Partially Completed Spells Estimates

The cost of Partially Completed Spells are calculated by NHS Providers. These costs will be based on episodes of care that span over the year end (i.e. the episode of care begins in 2012/13, but is not completed until 2013/14). Estimated costs for partially completed spells for NHS bodies have been included only for those organisations that include them in their own statutory accounts.

Learning Disability Pooled Budget Estimates

The PCT operates part of the Adult Learning Disabilities services from within a shared Pooled Budget arrangement. The PCT includes a share of the assets and liabilities of the pool in the Statement of Financial Position.
The pooled budget assets and liabilities are estimated by Cheshire East Council who hosts the pool. The final position of the pool will not be available until June 2013. The estimates included in the PCT's Statement of Financial Position are Cash £920,000 and Liabilities (£920,000)
The pooled budget statement is based on the best estimate from Cheshire East Council at the time of the PCT's accounts. It is felt that any movement that may take place between this estimate and the final version will be of an immaterial value.
A memorandum statement is provided at note 29.

Dental Primary Services Estimates

The charge for provision of dentistry and the income from dental charges paid by patients is based on activity delivered. Dentists have two months in which to submit their activity data so estimates must be made of the activity which has not been reported at the end of the financial year. Information used to estimate this unreported activity is the percentage of contracted activity achieved in previous years and the trend in activity delivery during the current year. The NHS Business Services Authority Dental Services also provide an estimate of dental charge income not yet received based on analysis of the timing of previous dental activity submissions. The amount of the estimated liability is £10,000 and the amount of the estimated asset is £780,000. The sensitivity of these estimates is not expected to be greater than plus or minus 5%. The final data for 12/13 is expected in July 2013.

Quality Framework for GP's Estimates

The nationally agreed contractual position is that the level of achievement may not be determined until 30th June 2013. The forecast achievement was calculated by totalling the actual expenditure for 2011/12 and applying a 5% increase, based on a likely rise in achievement levels year-on-year. The total estimated cost for 2012/13 is £3,563,000 (2011/12 was £3,505,894).

## 1. Accounting policies (continued)

**Critical accounting judgements and key sources of estimation uncertainty (continued)**

Estimated asset lives for Plant & Equipment, Furniture & Fittings, IT, and intangible

The PCT estimates the life of new assets by consideration of its classification, technology and other factors . The PCT carries out a verification review of its assets each year. The economic lives of Non Current assets are tabled in Note 12.3. The lives of PCT assets (land, buildings and dwellings) are assessed on a regular basis by a qualified member of the District Valuation Service (DVS). For the remaining assets (equipment, etc.) the PCT assesses the value and life at the time of purchase.

Contracting outturn estimates

The forecast out turn for provider contracts are estimated based on the activity information available in conjunction with regular discussions with providers to reach an agreed estimate of the contracting over/under performance. The actual activity information for providers will be available in June 2013.

### 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 Pooled budgets

The PCT has entered into a pooled budget with Cheshire East Council. Under the arrangement funds are pooled under S75 of the NHS Act 2006 for Adults with Learning Disabilities activities and a memorandum note to the accounts provides details of the joint income and expenditure.

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

A memorandum statement is provided at note 29.

### 1.4 Taxation

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

### 1.5 Administration and Programme Costs

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

The broad definition of running costs includes any cost incurred that is not a direct payment for the provision of healthcare or healthcare related services.

Expense incurred under NHS transition redundancy programmes is however classed as "programme" under Treasury budgetary control arrangements and so is recorded as such in the financial statements.

## 1. Accounting policies (continued)

### 1.6 Property, Plant & Equipment

**Recognition**

Property, plant and equipment is capitalised if:

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

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

**Valuation**

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

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

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

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

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

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

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

**Subsequent expenditure**

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

## 1. Accounting policies (continued)

### 1.7 Intangible Assets

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

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:
- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

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

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

### 1.8 Depreciation, amortisation and impairments

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

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

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

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

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

## 1. Accounting policies (continued)

### 1.9 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.

### 1.10 Inventories

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

### 1.11 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.

### 1.12 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. A break down of the PCT's Losses and Special payments is in note 28.

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).

### 1.13 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 20.

## 1. Accounting policies (continued)

### 1.14 Employee benefits

**Short-term employee benefits**
Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The PCT has a policy that employees are not permitted to carry forward leave into the following period.

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

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

### 1.15 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.

### 1.16 Grant making

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

## 1. Accounting policies (continued)

### 1.17 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.

### 1.18 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee, (substantially being 90% where quantitative techniques are used). 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.

### 1.19 Provisions

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

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

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

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

## 1. Accounting policies (continued)

### 1.20 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.

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.

## 1. Accounting policies (continued)

### 1.20 Private Finance Initiative (PFI) and NHS LIFT transactions (continued)

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

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

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

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

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

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

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

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

## 1. Accounting policies (continued)

### 1.21 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

## 2. Segmental Reporting

Under IFRS 8 there is a requirement to disclose, revenue and operating expenditure in line with the Chief Decision making Officer's management reporting arrangements. In 2012/13 the PCT operated as one unit although having a number of divisions that have been developed for the change in the NHS environment, these being three Clinical Commissioning Groups, NHS England and Public Health services.

The three Clinical Commissioning Groups and NHS England can be aggregated under IFRS 8 due to their similar economic characteristics. Public Health services are less than 10% of PCT expenditure and therefore under IFRS do not need to be reported separately.

These operating division decisions remain at a statutory PCT level and therefore are not reported.

## 3. Financial Performance Targets

### 3.1 Revenue Resource Limit

| | 2012-13 £000 | 2011-12 £000 |
|---|---|---|
| The PCTs' performance for the year ended 2012-13 is as follows: | | |
| Total Net Operating Cost for the Financial Year | **0** | 724,119 |
| Net operating cost plus (gain)/loss on transfers by absorption | **758,296** | 0 |
| Adjusted for prior period adjustments in respect of errors | **0** | 0 |
| Revenue Resource Limit | **761,868** | 727,593 |
| **Under/(Over)spend Against Revenue Resource Limit (RRL)** | **3,572** | **3,474** |

### 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 | **2,598** | 1,060 |
| Charge to Capital Resource Limit | **2,428** | 665 |
| **(Over)/Underspend Against CRL** | **170** | **395** |

### 3.3 Under/(Over)spend against cash limit

| | 2012-13 £000 | 2011-12 £000 |
|---|---|---|
| Total Charge to Cash Limit | **757,972** | 718,953 |
| Cash Limit | **757,972** | 722,853 |
| **Under/(Over)spend Against Cash Limit** | **0** | **3,900** |

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

| | 2012-13 £000 |
|---|---|
| Total cash received from DH (Gross) | 653,598 |
| Less: Trade Income from DH | 0 |
| Less/(Plus): movement in DH working balances | 0 |
| **Sub total: net advances** | **653,598** |
| (Less)/plus: transfers (to)/from other resource account bodies | 0 |
| Plus: cost of Dentistry Schemes (central charge to cash limits) | 19,601 |
| Plus: drugs reimbursement (central charge to cash limits) | 84,773 |
| **Parliamentary funding credited to General Fund** | **757,972** |

## 4 Miscellaneous Revenue

| | 2012-13 Total | 2012-13 Admin | 2012-13 Programme | 2011-12 |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Fees and Charges | **8** | 4 | 4 | 97 |
| Dental Charge income from Contractor-Led GDS & PDS | **7,939** | 0 | 7,939 | 7,679 |
| Dental Charge income from Trust-Led GDS & PDS | **0** | 0 | 0 | 0 |
| Prescription Charge income | **4,463** | 0 | 4,463 | 4,166 |
| Strategic Health Authorities | **150** | 150 | 0 | 46 |
| NHS Trusts | **1,832** | 1,811 | 21 | 1,616 |
| NHS Foundation Trusts | **1,145** | 1,141 | 4 | 726 |
| Primary Care Trusts Contributions to DATs | **0** | 0 | 0 | 0 |
| Primary Care Trusts - Other | **4,962** | 2,396 | 2,566 | 3,595 |
| Primary Care Trusts - Lead Commissioning | **15,514** | 0 | 15,514 | 14,370 |
| English RAB Special Health Authorities | **0** | 0 | 0 | 0 |
| NDPBs and Others (CGA) | **0** | 0 | 0 | 0 |
| Department of Health - SMPTB | **0** | 0 | 0 | 0 |
| Department of Health - Other | **10** | 0 | 10 | 5 |
| Recoveries in respect of employee benefits | **0** | 0 | 0 | 0 |
| Local Authorities | **1,912** | 22 | 1,890 | 2,161 |
| Patient Transport Services | **0** | 0 | 0 | 0 |
| Education, Training and Research | **915** | 0 | 915 | 854 |
| Non-NHS: Private Patients | **0** | 0 | 0 | 0 |
| Non-NHS: Overseas Patients (Non-Reciprocal) | **0** | 0 | 0 | 0 |
| NHS Injury Costs Recovery | **0** | 0 | 0 | 0 |
| Other Non-NHS Patient Care Services | **0** | 0 | 0 | 0 |
| Charitable and Other Contributions to Expenditure | **0** | 0 | 0 | 0 |
| Receipt of donated assets | **0** | 0 | 0 | 0 |
| Receipt of Government granted assets | **0** | 0 | 0 | 0 |
| Rental revenue from finance leases | **0** | 0 | 0 | 0 |
| Rental revenue from operating leases | **60** | 0 | 60 | 60 |
| Other revenue | **299** | 292 | 7 | 168 |
| **Total miscellaneous revenue** | **39,209** | **5,816** | **33,393** | **35,543** |

## 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 | **83,245** | 0 | 83,245 | 66,720 |
| Non-Healthcare | **1,719** | 1,719 | 0 | 1,261 |
| **Total** | **84,964** | **1,719** | **83,245** | **67,981** |
| **Goods and Services from Other NHS Bodies other than FTs** | | | | |
| Goods and services from NHS Trusts | **164,438** | 847 | 163,591 | 156,680 |
| Goods and services (other, excl Trusts, FT and PCT)) | **145** | 4 | 141 | 0 |
| **Total** | **164,583** | **851** | **163,732** | **156,680** |
| Goods and Services from Foundation Trusts | **244,184** | 820 | 243,364 | 236,849 |
| Purchase of Healthcare from Non-NHS bodies | **75,634** | 0 | 75,634 | 76,925 |
| Social Care from Independent Providers | **0** | 0 | 0 | 0 |
| Expenditure on Drugs Action Teams | **0** | 0 | 0 | 0 |
| Non-GMS Services from GPs | **228** | 0 | 228 | 861 |
| Contractor Led GDS & PDS (excluding employee benefits) | **27,419** | 0 | 27,419 | 27,196 |
| Salaried Trust-Led PDS & PCT DS (excluding employee benefits) | **0** | 0 | 0 | 0 |
| Chair, Non-executive Directors & PEC remuneration | **125** | 125 | 0 | 94 |
| Executive committee members costs | **17** | 17 | 0 | 30 |
| Consultancy Services | **1,489** | 1,489 | 0 | 280 |
| Prescribing Costs | **76,737** | 0 | 76,737 | 74,678 |
| G/PMS, APMS and PCTMS (excluding employee benefits) | **61,710** | 0 | 61,710 | 60,797 |
| Pharmaceutical Services | **1,310** | 0 | 1,310 | 1,618 |
| Local Pharmaceutical Services Pilots | **0** | 0 | 0 | 0 |
| New Pharmacy Contract | **19,992** | 0 | 19,992 | 18,855 |
| General Ophthalmic Services | **5,108** | 0 | 5,108 | 5,176 |
| Supplies and Services - Clinical | **1,550** | 0 | 1,550 | 5,082 |
| Supplies and Services - General | **144** | 144 | 0 | 95 |
| Establishment | **1,862** | 1,793 | 69 | 1,381 |
| Transport | **631** | 135 | 496 | 506 |
| Premises | **3,658** | 2,922 | 736 | 3,711 |
| Impairments & Reversals of Property, plant and equipment | **782** | 0 | 782 | 348 |
| Impairments and Reversals of non-current assets held for sale | **0** | 0 | 0 | 0 |
| Depreciation | **1,155** | 0 | 1,155 | 1,103 |
| Amortisation | **27** | 0 | 27 | 18 |
| Impairment & Reversals Intangible non-current assets | **0** | 0 | 0 | 0 |
| Impairment and Reversals of Financial Assets | **0** | 0 | 0 | 0 |
| Impairment of Receivables | **(177)** | (177) | 0 | 58 |
| Inventory write offs | **0** | 0 | 0 | 0 |
| Research and Development Expenditure | **0** | 0 | 0 | 0 |
| Audit Fees | **162** | 162 | 0 | 218 |
| Other Auditors Remuneration | **0** | 0 | 0 | 0 |
| Clinical Negligence Costs | **0** | 0 | 0 | 33 |
| Education and Training | **641** | 153 | 488 | 638 |
| Grants for capital purposes | **2,074** | 0 | 2,074 | 1,166 |
| Grants for revenue purposes | **0** | 0 | 0 | 0 |
| Impairments and reversals for investment properties | **0** | 0 | 0 | 0 |
| Other | **4,977** | 1,735 | 3,242 | 1,291 |
| **Total Operating costs charged to Statement of Comprehensive Net Expenditure** | **780,986** | **11,888** | **769,098** | **743,668** |
| | | | | |
| **Employee Benefits (excluding capitalised costs)** | | | | |
| Employee Benefits associated with PCTMS | **0** | 0 | 0 | 0 |
| Trust led PDS and PCT DS | **0** | 0 | 0 | 0 |
| PCT Officer Board Members | **908** | 908 | 0 | 951 |
| Other Employee Benefits | **15,665** | 13,199 | 2,466 | 15,092 |
| **Total Employee Benefits charged to SOCNE** | **16,573** | **14,107** | **2,466** | **16,043** |
| **Total Operating Costs** | **797,559** | **25,995** | **771,564** | **759,711** |
| | | | | |
| **Analysis of grants reported in total operating costs** | | | | |
| **For capital purposes** | | | | |
| Grants to fund Capital Projects - GMS | **2,074** | 0 | 2,074 | 886 |
| Grants to Local Authorities to Fund Capital Projects | **0** | 0 | 0 | 0 |
| Grants to Private Sector to Fund Capital Projects | **0** | 0 | 0 | 0 |
| Grants to Fund Capital Projects - Dental | **0** | 0 | 0 | 280 |
| Grants to Fund Capital Projects - Other | **0** | 0 | 0 | 0 |
| **Total Capital Grants** | **2,074** | **0** | **2,074** | **1,166** |
| **Grants to fund revenue expenditure** | | | | |
| To Local Authorities | **0** | 0 | 0 | 0 |
| To Private Sector | **0** | 0 | 0 | 0 |
| To Other | **0** | 0 | 0 | 0 |
| **Total Revenue Grants** | **0** | **0** | **0** | **0** |
| **Total Grants** | **2,074** | **0** | **2,074** | **1,166** |

| | Total | Commissioning Services | Public Health |
|---|---|---|---|
| **PCT Running Costs 2012-13** | | | |
| Running costs (£000s) | **20,125** | 19,243 | 882 |
| Weighted population (number in units)* | **424,923** | 424,923 | 424,923 |
| Running costs per head of population (£ per head) | **47** | **45** | **2** |
| | | | |
| **PCT Running Costs 2011-12** | | | |
| Running costs (£000s) | **17,722** | 16,515 | 1,207 |
| Weighted population (number in units) | **424,923** | 424,923 | 424,923 |
| Running costs per head of population (£ per head) | **42** | **39** | **3** |

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

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

| 5.2 Analysis of operating expenditure by expenditure classification | 2012-13 £000 | 2011-12 £000 |
|---|---|---|
| **Purchase of Primary Health Care** | | |
| GMS / PMS/ APMS / PCTMS | 61,710 | 60,797 |
| Prescribing costs | 76,737 | 74,678 |
| Contractor led GDS & PDS | 27,419 | 27,196 |
| Trust led GDS & PDS | 0 | 0 |
| General Ophthalmic Services | 5,108 | 5,176 |
| Department of Health Initiative Funding | 0 | 0 |
| Pharmaceutical services | 1,310 | 1,618 |
| Local Pharmaceutical Services Pilots | 0 | 0 |
| New Pharmacy Contract | 19,992 | 18,855 |
| Non-GMS Services from GPs | 228 | 861 |
| Other | 0 | 0 |
| **Total Primary Healthcare purchased** | **192,504** | 189,181 |
| | | |
| **Purchase of Secondary Healthcare** | | |
| Learning Difficulties | 15,201 | 18,691 |
| Mental Illness | 41,201 | 32,581 |
| Maternity | 24,885 | 24,605 |
| General and Acute | 337,175 | 310,156 |
| Accident and emergency | 20,378 | 22,969 |
| Community Health Services | 52,345 | 50,599 |
| Other Contractual | 74,665 | 62,479 |
| **Total Secondary Healthcare Purchased** | **565,850** | 522,080 |
| | | |
| **Grant Funding** | | |
| Grants for capital purposes | 2,074 | 1,166 |
| Grants for revenue purposes | 0 | 0 |
| **Total Healthcare Purchased by PCT** | **760,428** | **712,427** |
| | | |
| PCT self-provided secondary healthcare included above | 0 | 0 |
| Social Care from Independent Providers | 0 | 0 |
| Healthcare from NHS FTs included above | 243,364 | 236,708 |

## 6. Operating Leases

The PCT has identified operating property leases (minimum lease payments) under the following headings:

| | | £000 |
|---|---|---|
| (a) | Office accommodation | 288 |
| (b) | Accommodation for the delivery of healthcare | 964 |
| (c) | vacant space available for rent/being rented | 29 |
| | | 1,281 |

Property leases are subject to rent reviews at intervals of three to five years. Rent reviews are negotiated by the District Valuer on behalf of the PCT based on market value. The PCT has the right to renew leases for major health centres on the same terms as the expired lease. There are no significant restrictions imposed by any of the PCT's property leases which have any impact on the provision of healthcare.

The PCT has identified operating equipment leases (minimum lease payments) under the following headings:

| | | £000 |
|---|---|---|
| (a) | Office equipment | 17 |
| (b) | Cars | 187 |
| | | 204 |

The PCT has assumed for the calculation that office equipment has an average remaining life of 3 years, and cars has an average remaining life of 2 years

| | |
|---|---|
| Total Minimum lease payments | 1,485 |

Central & Eastern Cheshire 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, and 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 arrangements entered into, it is not possible to analyse the arrangements over financial years. The financial value included in the Operating Cost Statement (OCS) for 2012/13 is £101,000 (£158,000 in 2011/12).

### 6.1 PCT as lessee

| | Land £000 | Buildings £000 | Other £000 | 2012-13 Total £000 | 2011-12 £000 |
|---|---|---|---|---|---|
| **Payments recognised as an expense** | | | | | |
| Minimum lease payments | **0** | **1,485** | **0** | **1,485** | 1,763 |
| Contingent rents* | **0** | **192** | **0** | **192** | 153 |
| Sub-lease payments | **0** | **0** | **0** | **0** | 0 |
| **Total** | **0** | **1,677** | **0** | **1,677** | **1,916** |
| **Payable**: | | | | | |
| No later than one year | **0** | **1,394** | **0** | **1,394** | 1,508 |
| Between one and five years | **0** | **5,523** | **0** | **5,523** | 5,561 |
| After five years | **0** | **14,511** | **0** | **14,511** | 15,867 |
| **Total** | **0** | **21,428** | **0** | **21,428** | **22,936** |

| | |
|---|---|
| Total future sublease payments expected to be received: £ | 0 |

* A rent increase over the minimum lease payment is described under IFRS as contingent rent. For the PCT's property leases, contingent rent is the increase in rent following a rent review.

### 6.2 PCT as lessor

The PCT has identified operating leases as income for owned assets £30,000 and rental from other assets £30,000.

| | 2012-13 £000 | 2011-12 £000 |
|---|---|---|
| **Recognised as income** | | |
| Rental Revenue | **59** | 59 |
| Contingent rents | **1** | 1 |
| **Total** | **60** | 60 |
| **Receivable**: | | |
| No later than one year | **59** | 59 |
| Between one and five years | **187** | 187 |
| After five years | **0** | 0 |
| **Total** | **246** | 246 |

Where the PCT has leased properties which are no longer used for healthcare, these properties are sub let to tenants in accordance with the terms of the head lease.

## 7. Employee benefits and staff numbers

### 7.1 Employee benefits

| 2012-13 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Permanently employed | | | Other | |
| | Total £000 | Admin £000 | Programme £000 | Total £000 | Admin £000 | Programme £000 | Total £000 | Admin £000 | Programme £000 |
| **Employee Benefits - Gross Expenditure** | | | | | | | | | |
| Salaries and wages | **12,711** | 11,998 | 713 | **10,986** | 10,312 | 674 | **1,725** | 1,686 | 39 |
| Social security costs | **867** | 818 | 49 | **867** | 818 | 49 | **0** | 0 | 0 |
| Employer Contributions to NHS BSA - Pensions Division | **1,368** | 1,291 | 77 | **1,368** | 1,291 | 77 | **0** | 0 | 0 |
| Other pension costs | **0** | 0 | 0 | **0** | 0 | 0 | **0** | 0 | 0 |
| Other post-employment benefits | **0** | 0 | 0 | **0** | 0 | 0 | **0** | 0 | 0 |
| Other employment benefits | **0** | 0 | 0 | **0** | 0 | 0 | **0** | 0 | 0 |
| Termination benefits | **1,627** | 0 | 1,627 | **1,627** | 0 | 1,627 | **0** | 0 | 0 |
| **Total employee benefits** | **16,573** | **14,107** | **2,466** | **14,848** | **12,421** | **2,427** | **1,725** | **1,686** | **39** |
| **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** | **16,573** | **14,107** | **2,466** | **14,848** | **12,421** | **2,427** | **1,725** | **1,686** | **39** |
| **Employee costs capitalised** | **0** | 0 | 0 | **0** | 0 | 0 | **0** | 0 | 0 |
| **Gross Employee Benefits excluding capitalised costs** | **16,573** | **14,107** | **2,466** | **14,848** | **12,421** | **2,427** | **1,725** | **1,686** | **39** |
| **Recognised as:** | | | | | | | | | |
| Commissioning employee benefits | **16,573** | | | **14,848** | | | **1,725** | | |
| Provider employee benefits | **0** | | | **0** | | | **0** | | |
| **Gross Employee Benefits excluding capitalised costs** | **16,573** | | | **14,848** | | | **1,725** | | |

**Employee Benefits - Prior- year**

| | Total £000 | Permanently employed £000 | Other £000 |
|---|---|---|---|
| **Employee Benefits Gross Expenditure 2011-12** | | | |
| Salaries and wages | **11,153** | 10,168 | 985 |
| Social security costs | **855** | 855 | 0 |
| Employer Contributions to NHS BSA - Pensions Division | **1,307** | 1,307 | 0 |
| Other pension costs | **0** | 0 | 0 |
| Other post-employment benefits | **0** | 0 | 0 |
| Other employment benefits | **0** | 0 | 0 |
| Termination benefits | **2,728** | 2,728 | 0 |
| **Total gross employee benefits** | **16,043** | **15,058** | **985** |
| **Less recoveries in respect of employee benefits** | **0** | 0 | 0 |
| **Total - Net Employee Benefits including capitalised costs** | **16,043** | **15,058** | **985** |
| **Employee costs capitalised** | **0** | 0 | 0 |
| **Gross Employee Benefits excluding capitalised costs** | **16,043** | **15,058** | **985** |
| **Recognised as:** | | | |
| Commissioning employee benefits | **16,043** | | |
| Provider employee benefits | **0** | | |
| **Gross Employee Benefits excluding capitalised costs** | **16,043** | | |

### 7.2 Staff Numbers

| | 2012-13 | | | 2011-12 | | |
|---|---|---|---|---|---|---|
| | Total Number | Permanently employed Number | Other Number | Total Number | Permanently employed Number | Other Number |
| **Average Staff Numbers** | | | | | | |
| Medical and dental | **7** | 6 | 1 | **9** | 6 | 3 |
| Ambulance staff | **0** | 0 | 0 | **0** | 0 | 0 |
| Administration and estates | **277** | 244 | 33 | **228** | 211 | 17 |
| Healthcare assistants and other support staff | **0** | 0 | 0 | **7** | 7 | 0 |
| Nursing, midwifery and health visiting staff | **15** | 13 | 2 | **15** | 15 | 0 |
| Nursing, midwifery and health visiting learners | **0** | 0 | 0 | **0** | 0 | 0 |
| Scientific, therapeutic and technical staff | **16** | 14 | 2 | **10** | 10 | 0 |
| Social Care Staff | **0** | 0 | 0 | **0** | 0 | 0 |
| Other | **3** | 3 | 0 | **0** | 0 | 0 |
| **TOTAL** | **316** | **278** | **38** | **269** | **249** | **20** |
| 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 | **1,651** | **1,515** |
| Total Staff Years | **262** | **255** |
| Average working Days Lost | 6.30 | 5.94 |

| | 2012-13 Number | 2011-12 Number |
|---|---|---|
| Number of persons retired early on ill health grounds | **4** | 2 |
| | **£000s** | £000s |
| Total additional pensions liabilities accrued in the year | **215** | 237 |

### 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** | **2** | **2** | 1 | 0 | **1** |
| £10,001-£25,000 | **0** | **16** | **16** | 1 | 0 | **1** |
| £25,001-£50,000 | **1** | **14** | **15** | 0 | 0 | **0** |
| £50,001-£100,000 | **0** | **11** | **11** | 1 | 0 | **1** |
| £100,001 - £150,000 | **0** | **6** | **6** | 0 | 0 | **0** |
| £150,001 - £200,000 | **1** | **7** | **8** | 0 | 0 | **0** |
| >£200,000 | **0** | **2** | **2** | 1 | 0 | **1** |
| **Total number of exit packages by type (total cost)** | **2** | **58** | **60** | **4** | **0** | **4** |
| | **£s** | **£s** | **£s** | **£s** | **£s** | **£s** |
| **Total resource cost** | 193,056 | 3,813,015 | **4,006,071** | 355,000 | 0 | **355,000** |

Redundancy and other departure costs have been paid in accordance with the provisions of the reduction in management cost review/Compulsory Redundancy. Where the PCT has agreed early retirements, the additional costs are met by the PCT and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

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

## 7.5 Pension costs

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

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

**a) Accounting valuation**

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

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

**b) Full actuarial (funding) valuation**

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

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

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

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

**c) Scheme provisions**

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

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

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

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) will be used to replace the Retail Prices Index (RPI).
Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.
For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

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

## 8. Better Payment Practice Code

### 8.1 Measure of compliance

| | 2012-13 Number | 2012-13 £000 | 2011-12 Number | 2011-12 £000 |
|---|---|---|---|---|
| **Non-NHS Payables** | | | | |
| Total Non-NHS Trade Invoices Paid in the Year | **21,146** | **118,305** | 18,526 | 105,600 |
| Total Non-NHS Trade Invoices Paid Within Target | **19,548** | **111,944** | 17,785 | 103,268 |
| Percentage of NHS Trade Invoices Paid Within Target | 92.44% | 94.62% | 96.00% | 97.79% |
| **NHS Payables** | | | | |
| Total NHS Trade Invoices Paid in the Year | **4,257** | **4,923** | 4,053 | 462,656 |
| Total NHS Trade Invoices Paid Within Target | **3,892** | **4,905** | 3,793 | 462,026 |
| Percentage of NHS Trade Invoices Paid Within Target | 91.43% | 99.63% | 93.58% | 99.86% |

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. 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** | 60 |
| Gain/(Loss) on disposal of assets other than by sale (intangibles) | **0** | **0** | **0** | 0 |
| Gain/(Loss) on disposal of Financial Assets - other than held for sale | **0** | **0** | **0** | 0 |
| Gain (Loss) on disposal of assets held for sale | **54** | **54** | **0** | 0 |
| Gain/(loss) on foreign exchange | **0** | **0** | **0** | 0 |
| Change in fair value of financial assets carried at fair value through the SoCNE | **0** | **0** | **0** | 0 |
| Change in fair value of financial liabilities carried at fair value through the SoCNE | **0** | **0** | **0** | 0 |
| Change in fair value of investment property | **0** | **0** | **0** | 0 |
| Recycling of gain/(loss) from equity on disposal of financial assets held for sale | **0** | **0** | **0** | 0 |
| **Total** | **54** | **54** | **0** | 60 |

## 10. Finance Costs

| | 2012-13 Total £000 | 2012-13 Admin £000 | 2012-13 Programme £000 | 2011-12 £000 |
|---|---|---|---|---|
| **Interest** | | | | |
| Interest on obligations under finance leases | **0** | **0** | **0** | 0 |
| **Interest on obligations under PFI contracts:** | | | | |
| - main finance cost | **0** | **0** | **0** | 11 |
| - contingent finance cost | **0** | **0** | **0** | 0 |
| **Interest on obligations under LIFT contracts:** | | | | |
| - main finance cost | **0** | **0** | **0** | 0 |
| - contingent finance cost | **0** | **0** | **0** | 0 |
| Interest on late payment of commercial debt | **0** | **0** | **0** | 0 |
| Other interest expense | **0** | **0** | **0** | 0 |
| **Total interest expense** | **0** | **0** | **0** | **11** |
| Other finance costs | **0** | **0** | **0** | 0 |
| Provisions - unwinding of discount | **0** | **0** | **0** | 0 |
| **Total** | **0** | **0** | **0** | **11** |

## 11.1 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** | **1,922** | **10,037** | **275** | **0** | **1,856** | **0** | **5,703** | **431** | **20,224** |
| Additions of Assets Under Construction | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Additions Purchased | 0 | 1,256 | 0 | 0 | 757 | 0 | 425 | 0 | **2,438** |
| Additions Donated | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Additions Government Granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Additions Leased | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Reclassifications as Held for Sale | (27) | (67) | 0 | 0 | 0 | 0 | 0 | 0 | **(94)** |
| Disposals other than for sale | (62) | (827) | (8) | 0 | 0 | 0 | 0 | 0 | **(897)** |
| Upward revaluation/positive indexation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Impairments/negative indexation | 0 | (65) | 0 | 0 | 0 | 0 | 0 | 0 | **(65)** |
| Reversal of Impairments | 50 | 0 | 21 | 0 | 0 | 0 | 0 | 0 | **71** |
| Transfers (to)/from Other Public Sector Bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **At 31 March 2013** | **1,883** | **10,334** | **288** | **0** | **2,613** | **0** | **6,128** | **431** | **21,677** |
| **Depreciation** | | | | | | | | | |
| **At 1 April 2012** | **62** | **827** | **8** | **0** | **1,322** | **0** | **5,004** | **319** | **7,542** |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Reclassifications as Held for Sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Disposals other than for sale | (62) | (827) | (8) | 0 | 0 | 0 | 0 | 0 | **(897)** |
| Upward revaluation/positive indexation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Impairments | 0 | 782 | 0 | 0 | 0 | 0 | 0 | 0 | **782** |
| Reversal of Impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Charged During the Year | 0 | 533 | 9 | 0 | 286 | 0 | 308 | 19 | **1,155** |
| Transfers (to)/from Other Public Sector Bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **At 31 March 2013** | **0** | **1,315** | **9** | **0** | **1,608** | **0** | **5,312** | **338** | **8,582** |
| **Net Book Value at 31 March 2013** | **1,883** | **9,019** | **279** | **0** | **1,005** | **0** | **816** | **93** | **13,095** |
| Purchased | 1,883 | 9,019 | 279 | 0 | 1,005 | 0 | 816 | 93 | **13,095** |
| Donated | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Government Granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Total at 31 March 2013** | **1,883** | **9,019** | **279** | **0** | **1,005** | **0** | **816** | **93** | **13,095** |
| **Asset financing:** | | | | | | | | | |
| Owned | 1,883 | 9,019 | 279 | 0 | 1,005 | 0 | 816 | 93 | **13,095** |
| Held on finance lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| On-SOFP PFI contracts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| PFI residual: interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Total at 31 March 2013** | **1,883** | **9,019** | **279** | **0** | **1,005** | **0** | **816** | **93** | **13,095** |

**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** | **468** | **3,336** | **150** | **0** | **0** | **0** | **41** | **0** | **3,995** |
| Movements | 50 | (72) | 21 | 0 | 0 | 0 | 0 | 0 | **(1)** |
| **At 31 March 2013** | **518** | **3,264** | **171** | **0** | **0** | **0** | **41** | **0** | **3,994** |

**Additions to Assets Under Construction in 2012-13**

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

## 11.2 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** | **1,940** | **9,818** | **260** | **0** | **1,846** | **0** | **5,113** | **431** | **19,408** |
| Additions - purchased | 0 | 88 | 0 | 0 | 10 | 0 | 590 | 0 | **688** |
| Additions - donated | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Additions - government granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Reclassified as held for sale | (23) | (60) | 0 | 0 | 0 | 0 | 0 | 0 | **(83)** |
| Disposals other than by sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Revaluation & indexation gains | 5 | 191 | 15 | 0 | 0 | 0 | 0 | 0 | **211** |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Reversals of impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| In-year transfers to/from NHS bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Cumulative dep netted off cost following revaluatio | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **At 31 March 2012** | **1,922** | **10,037** | **275** | **0** | **1,856** | **0** | **5,703** | **431** | **20,224** |
| | | | | | | | | | |
| **Depreciation** | | | | | | | | | |
| **At 1 April 2011** | **0** | **0** | **0** | 0 | **1,212** | **0** | **4,579** | **300** | **6,091** |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Reclassifications as Held for Sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Disposals other than for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Upward revaluation/positive indexation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Impairments | 63 | 337 | 0 | 0 | 0 | 0 | 0 | 0 | **400** |
| Reversal of Impairments | (1) | (51) | 0 | 0 | 0 | 0 | 0 | 0 | **(52)** |
| Charged During the Year | 0 | 541 | 8 | 0 | 110 | 0 | 425 | 19 | **1,103** |
| In-year transfers to/from NHS bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Cumulative dep netted off cost following revaluatio | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **At 31 March 2012** | **62** | **827** | **8** | **0** | **1,322** | **0** | **5,004** | **319** | **7,542** |
| **Net Book Value at 31 March 2012** | **1,860** | **9,210** | **267** | **0** | **534** | **0** | **699** | **112** | **12,682** |
| | | | | | | | | | |
| Purchased | 1,860 | 9,210 | 267 | 0 | 534 | 0 | 699 | 112 | **12,682** |
| Donated | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Government Granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **At 31 March 2012** | **1,860** | **9,210** | **267** | **0** | **534** | **0** | **699** | **112** | **12,682** |
| | | | | | | | | | |
| **Asset financing:** | | | | | | | | | |
| Owned | 1,860 | 9,210 | 267 | 0 | 534 | 0 | 699 | 112 | **12,682** |
| Held on finance lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| On-SOFP PFI contracts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| PFI residual: interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **At 31 March 2012** | **1,860** | **9,210** | **267** | **0** | **534** | **0** | **699** | **112** | **12,682** |

## 11.3 Property, plant and equipment

During 2012/13 Central and Eastern Cheshire PCT did not receive any donated assets.

A revaluation exercise took place on 1 April 2010 for land, buildings and dwellings.
This exercise was carried out by valuers from the District Valuer Services (DVS).
Further desk top revaluation exercises took place at 31st March each year from 11-13, as an annual review of land, buildings and dwellings in line with the PCT's accounting policy.

## 12.1 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** | **495** | **0** | **0** | **0** | **495** |
| Additions - purchased | 0 | 84 | 0 | 0 | 0 | **84** |
| Additions - internally generated | 0 | 0 | 0 | 0 | 0 | **0** |
| Additions - donated | 0 | 0 | 0 | 0 | 0 | **0** |
| Additions - government granted | 0 | 0 | 0 | 0 | 0 | **0** |
| Additions Leased | 0 | 0 | 0 | 0 | 0 | **0** |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | **0** |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | **0** |
| Disposals other than by sale | 0 | 0 | 0 | 0 | 0 | **0** |
| Revaluation & indexation gains | 0 | 0 | 0 | 0 | 0 | **0** |
| Impairments | 0 | 0 | 0 | 0 | 0 | **0** |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | **0** |
| In-year transfers to/from NHS bodies | 0 | 0 | 0 | 0 | 0 | **0** |
| **At 31 March 2013** | **0** | **579** | **0** | **0** | **0** | **579** |
| | | | | | | |
| **Amortisation** | | | | | | |
| **At 1 April 2012** | **0** | **408** | **0** | **0** | **0** | **408** |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | **0** |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | **0** |
| Disposals other than by sale | 0 | 0 | 0 | 0 | 0 | **0** |
| Revaluation or indexation gains | 0 | 0 | 0 | 0 | 0 | **0** |
| Impairments charged to operating expenses | 0 | 0 | 0 | 0 | 0 | **0** |
| Reversal of impairments charged to operating expenses | 0 | 0 | 0 | 0 | 0 | **0** |
| Charged during the year | 0 | 27 | 0 | 0 | 0 | **27** |
| In-year transfers to NHS bodies | 0 | 0 | 0 | 0 | 0 | **0** |
| **At 31 March 2013** | **0** | **435** | **0** | **0** | **0** | **435** |
| | | | | | | |
| **Net Book Value at 31 March 2013** | **0** | **144** | **0** | **0** | **0** | **144** |
| | | | | | | |
| **Net Book Value at 31 March 2013 comprises** | | | | | | |
| Purchased | 0 | 144 | 0 | 0 | 0 | **144** |
| Donated | 0 | 0 | 0 | 0 | 0 | **0** |
| Government Granted | 0 | 0 | 0 | 0 | 0 | **0** |
| **Total at 31 March 2013** | **0** | **144** | **0** | **0** | **0** | **144** |

**Revaluation reserve balance for intangible non-current assets**

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

## 12.2 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** | **435** | **0** | **0** | **0** | **435** |
| Additions - purchased | 0 | 60 | 0 | 0 | 0 | **60** |
| Additions - internally generated | 0 | 0 | 0 | 0 | 0 | **0** |
| Additions - donated | 0 | 0 | 0 | 0 | 0 | **0** |
| Additions - government granted | 0 | 0 | 0 | 0 | 0 | **0** |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | **0** |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | **0** |
| Disposals other than by sale | 0 | 0 | 0 | 0 | 0 | **0** |
| Revaluation & indexation gains | 0 | 0 | 0 | 0 | 0 | **0** |
| Impairments | 0 | 0 | 0 | 0 | 0 | **0** |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | **0** |
| In-year transfers to/from NHS bodies | 0 | 0 | 0 | 0 | 0 | **0** |
| Cumulative dep netted off cost following revaluation | 0 | 0 | 0 | 0 | 0 | **0** |
| **At 31 March 2012** | **0** | **495** | **0** | **0** | **0** | **495** |
| | | | | | | |
| **Amortisation** | | | | | | |
| **At 1 April 2011** | **0** | **390** | **0** | **0** | **0** | **390** |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | **0** |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | **0** |
| Disposals other than by sale | 0 | 0 | 0 | 0 | 0 | **0** |
| Revaluation or indexation gains | 0 | 0 | 0 | 0 | 0 | **0** |
| Impairments charged to operating expenses | 0 | 0 | 0 | 0 | 0 | **0** |
| Reversal of impairments charged to operating expenses | 0 | 0 | 0 | 0 | 0 | **0** |
| Charged during the year | 0 | 18 | 0 | 0 | 0 | **18** |
| In-year transfers to NHS bodies | 0 | 0 | 0 | 0 | 0 | **0** |
| Less cumulative dep written down on revaluation | 0 | 0 | 0 | 0 | 0 | **0** |
| **At 31 March 2012** | **0** | **408** | **0** | **0** | **0** | **408** |
| | | | | | | |
| **Net Book Value at 31 March 2012** | **0** | **87** | **0** | **0** | **0** | **87** |
| | | | | | | |
| **Net Book Value at 31 March 2012 comprises** | | | | | | |
| Purchased | 0 | 87 | 0 | 0 | 0 | **87** |
| Donated | 0 | 0 | 0 | 0 | 0 | **0** |
| Government Granted | 0 | 0 | 0 | 0 | 0 | **0** |
| **Total at 31 March 2012** | **0** | **87** | **0** | **0** | **0** | **87** |

## 12.3 Intangible non-current assets

The PCT holds only purchased computer software under intangible assets heading. This is not indexed in line with the manual for accounts, but however is amortised. The current economic lives as per the accounts is between 1 (minimum) and 4 (maximum) years.

**Economic Lives of Non-Current Assets**

| | Min Life Years | Max Life Years |
|---|---|---|
| **Intangible Assets** | | |
| Software Licences | 1 | 5 |
| Licences and Trademarks | 0 | 0 |
| Patents | 0 | 0 |
| Development Expenditure | 0 | 0 |
| | | |
| **Property, Plant and Equipment** | | |
| Buildings exc Dwellings | 16 | 43 |
| Dwellings | 7 | 33 |
| Plant & Machinery | 1 | 9 |
| | | |
| Transport Equipment | 0 | 0 |
| Information Technology | 1 | 5 |
| Furniture and Fittings | 1 | 8 |

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

| | 2012-13 Total £000 | 2012-13 Admin £000 | 2012-13 Programme £000 |
|---|---|---|---|
| **Property, Plant and Equipment impairments and reversals taken to SoCNE** | | | |
| Loss or damage resulting from normal operations | 0 | 0 | 0 |
| Over-specification of assets | 0 | 0 | 0 |
| Abandonment of assets in the course of construction | 0 | 0 | 0 |
| **Total charged to Departmental Expenditure Limit** | **0** | **0** | **0** |
| | | | |
| Unforeseen obsolescence | 0 | 0 | 0 |
| Loss as a result of catastrophe | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |
| Changes in market price | 782 | 0 | 782 |
| **Total charged to Annually Managed Expenditure** | **782** | 0 | **782** |
| | | | |
| **Property, Plant and Equipment impairments and reversals charged to the revaluation reserve** | | | |
| Loss or damage resulting from normal operations | 0 | 0 | 0 |
| Over Specification of Assets | 0 | 0 | 0 |
| Abandonment of assets in the course of construction | 0 | 0 | 0 |
| Unforeseen obsolescence | 0 | 0 | 0 |
| Loss as a result of catastrophe | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |
| Changes in market price | (6) | 0 | 0 |
| **Total impairments for PPE charged to reserves** | **(6)** | **0** | **0** |
| | | | |
| **Total Impairments of Property, Plant and Equipment** | **776** | **0** | **782** |
| | | | |
| **Total Impairments charged to Revaluation Reserve** | (6) | 0 | 0 |
| **Total Impairments charged to SoCNE - DEL** | 0 | 0 | 0 |
| **Total Impairments charged to SoCNE - AME** | 782 | 0 | 782 |
| **Overall Total Impairments** | **776** | **0** | **782** |
| | | | |
| **Of which:** | | | |
| Impairment on revaluation to "modern equivalent asset" basis | 0 | 0 | 0 |
| | | | |
| **Donated and Gov Granted Assets, included above -** | | | |
| PPE - Donated and Government Granted Asset Impairments: amount charged to SoCNE - DEL | 0 | 0 | 0 |
| Intangibles - Donated and Government Granted Asset Impairments: amount charged to SoCNE -AME | 0 | 0 | 0 |

## 14 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 | 728 | 0 | 2,037 | 0 |
| Balances with Local Authorities | 458 | 0 | 5,946 | 0 |
| Balances with NHS bodies outside the Departmental Group | 0 | 0 | 0 | 0 |
| Balances with NHS Trusts and Foundation Trusts | 786 | 0 | 9,638 | 0 |
| Balances with Public Corporations and Trading Funds | 0 | 0 | 0 | 0 |
| Balances with bodies external to government | 6,125 | 0 | 29,552 | 0 |
| **At 31 March 2013** | **8,097** | **0** | **47,173** | **0** |
| **prior period:** | | | | |
| Balances with other Central Government Bodies | 373 | 0 | 2,095 | 0 |
| Balances with Local Authorities | 197 | 0 | 610 | 0 |
| Balances with NHS Trusts and Foundation Trusts | 1,036 | 0 | 5,496 | 0 |
| Balances with Public Corporations and Trading Funds | 0 | 0 | 0 | 0 |
| Balances with bodies external to government | 3,893 | 0 | 36,648 | 0 |
| **At 31 March 2012** | **5,499** | **0** | **44,849** | **0** |

## 15 Inventories

| | Drugs £000 | Consumables £000 | Energy £000 | Work in progress £000 | Loan Equipment £000 | Other £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| **Balance at 1 April 2012** | **0** | **0** | **0** | **0** | **1** | **0** | **1** |
| Additions | 0 | 0 | 0 | 0 | 0 | 2 | **2** |
| Inventories recognised as an expense in the period | 0 | 0 | 0 | 0 | (1) | 0 | **(1)** |
| Write-down of inventories (including losses) | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Reversal of write-down previously taken to SoCNE | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Transfers (to)/from other public sector bodies | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Balance at 31 March 2013** | **0** | **0** | **0** | **0** | **0** | **2** | **2** |

## 16.1 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 | **1,013** | 1,158 | **0** | 0 |
| NHS receivables - capital | **0** | 0 | **0** | 0 |
| NHS prepayments and accrued income | **0** | 0 | **0** | 0 |
| Non-NHS receivables - revenue | **1,776** | 276 | **0** | 0 |
| Non-NHS receivables - capital | **0** | 0 | **0** | 0 |
| Non-NHS prepayments and accrued income | **3,283** | 2,488 | **0** | 0 |
| Provision for the impairment of receivables | **(6)** | (183) | **0** | 0 |
| VAT | **501** | 252 | **0** | 0 |
| Current/non-current part of PFI and other PPP arrangements prepayments and accrued income | **0** | 0 | **0** | 0 |
| Interest receivables | **0** | 0 | **0** | 0 |
| Finance lease receivables | **0** | 0 | **0** | 0 |
| Operating lease receivables | **0** | 0 | **0** | 0 |
| Other receivables | **1,530** | 1,508 | **0** | 0 |
| **Total** | **8,097** | 5,499 | **0** | 0 |
| **Total current and non current** | **8,097** | 5,499 | | |
| **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.

## 16.2 Receivables past their due date but not impaired

| | **31 March 2013 £000** | 31 March 2012 £000 |
|---|---|---|
| By up to three months | **1,684** | 581 |
| By three to six months | **9** | 0 |
| By more than six months | **1** | 0 |
| **Total** | **1,694** | 581 |

## 16.3 Provision for impairment of receivables

| | **2012-13 £000** | **2011-12 £000** |
|---|---|---|
| **Balance at 1 April 2012** | **(183)** | **(358)** |
| Amount written off during the year | **0** | **233** |
| Amount recovered during the year | **179** | **35** |
| (Increase)/decrease in receivables impaired | **(2)** | **(93)** |
| **Balance at 31 March 2013** | **(6)** | (183) |

## 17 Cash and Cash Equivalents

| | **31 March 2013 £000** | 31 March 2012 £000 |
|---|---|---|
| **Opening balance** | **6** | 6 |
| Net change in year | **0** | 0 |
| **Closing balance** | **6** | 6 |
| | | |
| **Made up of** | | |
| Cash with Government Banking Service | **(913)** | (671) |
| Commercial banks | **919** | 676 |
| Cash in hand | **0** | 1 |
| **Cash and cash equivalents as in statement of financial position** | **6** | 6 |
| Bank overdraft - Government Banking Service | **0** | 0 |
| Bank overdraft - Commercial banks | **0** | 0 |
| **Cash and cash equivalents as in statement of cash flows** | **6** | 6 |

## 18 Non-current assets held for sale

| | Land | Buildings, excl. dwellings | Dwellings | Asset Under Construction and Payments on Account | Plant and Machinery | Transport and Equipment | Information Technology | Furniture and Fittings | Intangible Assets | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| **Balance at 1 April 2012** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Plus assets classified as held for sale in the year | 27 | 67 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **94** |
| Less assets sold in the year | (27) | (67) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **(94)** |
| Less impairment of assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Plus reversal of impairment of assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Less assets no longer classified as held for sale, for reasons other than disposal by sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Transfers (to)/from other public sector bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Revaluation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Balance at 31 March 2013** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Liabilities associated with assets held for sale at 31 March 2013** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| | | | | | | | | | | **0** |
| **Balance at 1 April 2011** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Plus assets classified as held for sale in the year | 23 | 60 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **83** |
| Less assets sold in the year | (23) | (60) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **(83)** |
| Less impairment of assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Plus reversal of impairment of assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Less assets no longer classified as held for sale, for reasons other than disposal by sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Balance at 31 March 2012** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Liabilities associated with assets held for sale at 31 March 2012** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |

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

| | |
|---|---|
| At 31 March 2012 | 0 |
| At 31 March 2013 | 0 |

In June 2012 53 Ivy Road was sold by Central and Eastern Cheshire PCT. It had a net book value of £94,000.

## 19 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 | **0** | 0 |
| NHS payables - revenue | **11,669** | 7,331 | **0** | 0 |
| NHS payables - capital | **0** | 0 | **0** | 0 |
| NHS accruals and deferred income | **0** | 0 | **0** | 0 |
| Family Health Services (FHS) payables | **23,185** | 24,120 | **0** | 0 |
| Non-NHS payables - revenue | **8,797** | 9,639 | **0** | 0 |
| Non-NHS payables - capital | **270** | 199 | **0** | 0 |
| Non-NHS accruals and deferred income | **1,624** | 1,777 | **0** | 0 |
| Social security costs | **0** | (4) | **0** | 0 |
| VAT | **0** | 0 | **0** | 0 |
| Tax | **0** | (6) | **0** | 0 |
| Payments received on account | **0** | 0 | **0** | 0 |
| Other | **1,628** | 1,793 | **0** | 0 |
| **Total** | **47,173** | 44,849 | **0** | 0 |
| Total payables (current and non-current) | **47,173** | **44,849** | | |

## 20 Provisions

Comprising:

| | Total £000s | Pensions to Former Directors £000s | Pensions Relating to Other Staff £000s | Legal Claims £000s | Restructuring £000s | Continuing Care £000s | Equal Pay £000s | Agenda for Change £000s | Other £000s | Redundancy £000s |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 April 2012** | **5,189** | 0 | 1,914 | 6 | 0 | 896 | 0 | 0 | 0 | 2,373 |
| Arising During the Year | **6,249** | 0 | 96 | 20 | 0 | 6,133 | 0 | 0 | 0 | 0 |
| Utilised During the Year | **(3,853)** | 0 | (176) | (19) | 0 | (1,623) | 0 | 0 | 0 | (2,035) |
| Reversed Unused | **(1,333)** | 0 | 0 | 0 | 0 | (995) | 0 | 0 | 0 | (338) |
| Unwinding of Discount | **0** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Change in Discount Rate | **0** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transferred (to)/from other Public Sector bodies | **0** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Balance at 31 March 2013** | **6,252** | **0** | **1,834** | **7** | **0** | **4,411** | **0** | **0** | **0** | **0** |
| **Expected Timing of Cash Flows:** | | | | | | | | | | |
| No Later than One Year | **4,600** | **0** | **182** | **7** | **0** | **4,411** | **0** | **0** | **0** | **0** |
| Later than One Year and not later than Five Years | **1,652** | **0** | **1,652** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Later than Five Years | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

| | |
|---|---|
| **Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:** | |
| **As at 31 March 2013** | 7,945 |
| **As at 31 March 2012** | 7,956 |

Provisions for "Pensions relating to other staff" are as a long term commitment to pre 1995 retirement costs. The above timings assumes that the host organisation does not wish to capitalise these costs and that the estimated liability will be discharged over the next 10 years. The PCT re-assesses the provision on an annual basis. The PCT therefore considers that the application of the HM Treasury discount rate will have an immaterial effect.

Provisions for "Continuing Care" relate exclusively to restitution cases outstanding for Continuing Care Patients. This assumes that once a full assessment has taken place, and the client has had the case reviewed at a local panel, any payments to be made are within one year.

Provisions for "Legal Claims" relates to the excess that the PCT is liable for in Liability to Third Party Scheme (LTPS). This scheme is managed by the NHS Litigation Authority on behalf of the PCT, and timings of potential cash payments are expected within 1 year.

Provisions for "Redundancy" relates to a decision made by the Cluster Board on the formal Voluntary Scheme for the PCT. Staff were invited to consider VR and an application process took place. The final applications for VR were approved on 26th and 27th April 2012.

£7,944,579 is included in the provisions of the NHS Litigation Authority at 31/3/2013 in respect of clinical negligence liabilities of the PCT (31/03/12 £7,956,160).

## 21 Contingencies

| | **31 March 2013 £000** | 31 March 2012 £000 |
|---|---|---|
| **Contingent liabilities** | | |
| Equal Pay | **0** | 0 |
| Continuing Health Care Retrospective | **(1,635)** | (1,968) |
| NHSLA Contingency | **(4)** | (5) |
| **Net Value of Contingent Liabilities** | **(1,639)** | (1,973) |
| **Contingent Assets** | | |
| Contingent Assets | **0** | 0 |
| **Net Value of Contingent Assets** | **0** | 0 |

**Continuing Health Care Retrospective**

The retrospective contingency relates to the full effect of the restitution cases of 39.99% or less probability for continuing care clients. Cases are assessed on an individual basis and timings of potential cash payments are within 1 year after a full assessment has taken place.

**NHSLA Contingency**

The PCT is advised by the NHSLA (National Health Service Litigation Authority), who manages claims on behalf of the PCT, of the need to disclose a contingent liability. Any potential payment is estimated within 1 year after case has been finalised.

## 22 PFI and LIFT - additional information

| | **31 March 2013** | 31 March 2012 |
|---|---|---|
| | **£000** | £000 |
| **Charges to operating expenditure and future commitments in respect of ON and OFF SOFP PFI** | | |
| Total charge to operating expenses in year - OFF SOFP PFI | **0** | 0 |
| Service element of on SOFP PFI charged to operating expenses in year | **0** | 96 |
| **Total** | **0** | **96** |
| | | |
| **Payments committed to in respect of off SOFP PFI and the service element of on SOFP PFI** | | |
| No Later than One Year | **0** | 0 |
| Later than One Year, No Later than Five Years | **0** | 0 |
| Later than Five Years | **0** | 0 |
| **Total** | **0** | 0 |

ISTCs are specialised, local, treatment centres for specific types of NHS treatment built and operated by private sector healthcare providers. The Department of Health (DH) arranged the WAVE 1 contracts centrally.

The contract ran for five years and is due to finished in May 2011/12. Central & Eastern Cheshire PCT were one of 7 other NHS organisations which form part of the Cheshire & Merseyside ISTC Contract and our respective share was 15%.

The above values are Central & Eastern Cheshire PCT share of the expense.

## 23 Impact of IFRS treatment - 2012-13

| | **Total** | Admin | Programme |
|---|---|---|---|
| | **£000** | £000 | £000 |
| **Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g. LIFT/PFI)** | | | |
| Depreciation charges | **69** | 0 | 69 |
| Interest Expense | **0** | 0 | 0 |
| Impairment charge - AME | **782** | 0 | 782 |
| Impairment charge - DEL | **0** | 0 | 0 |
| Other Expenditure | **0** | 0 | 0 |
| Revenue Receivable from subleasing | **0** | 0 | 0 |
| **Total IFRS Expenditure (IFRIC12)** | **851** | **0** | **851** |
| Revenue consequences of LIFT/PFI schemes under UK GAAP / ESA95 (net of any sublease income) | **0** | 0 | 0 |
| **Net IFRS change (IFRIC12)** | **851** | **0** | **851** |
| | | | |
| **Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12** | | | |
| Capital expenditure 2012-13 | 0 | | |
| UK GAAP capital expenditure 2012-13 (Reversionary Interest) | 0 | | |

## 24 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.

| **25 Financial Assets** | **At 'fair value through profit and loss' £000** | **Loans and receivables £000** | **Available for sale £000** | **Total £000** |
|---|---|---|---|---|
| Embedded derivatives | 0 | 0 | 0 | **0** |
| Receivables - NHS | 0 | 1,013 | 0 | **1,013** |
| Receivables - non-NHS | 0 | 3,306 | 0 | **3,306** |
| Cash at bank and in hand | 0 | 6 | 0 | **6** |
| Other financial assets | 0 | 0 | 0 | **0** |
| **Total at 31 March 2013** | **0** | **4,325** | **0** | **4,325** |
| Embedded derivatives | 0 | 0 | 0 | 0 |
| Receivables - NHS | 0 | 1,158 | 0 | 1,158 |
| Receivables - non-NHS | 0 | 1,784 | 0 | 1,784 |
| Cash at bank and in hand | 0 | 6 | 0 | 6 |
| Other financial assets | 0 | 0 | 0 | 0 |
| **Total at 31 March 2012** | 0 | 2,948 | 0 | 2,948 |

| **26 Financial Liabilities** | **At 'fair value through profit and loss' £000** | **Other £000** | **Total £000** |
|---|---|---|---|
| Embedded derivatives | 0 | 0 | **0** |
| NHS payables | 0 | 11,669 | **11,669** |
| Non-NHS payables | 0 | 33,876 | **33,876** |
| Other borrowings | 0 | 0 | **0** |
| PFI & finance lease obligations | 0 | 0 | **0** |
| Other financial liabilities | 0 | 1,628 | **1,628** |
| **Total at 31 March 2013** | **0** | **47,173** | **47,173** |
| Embedded derivatives | 0 | 0 | 0 |
| NHS payables | 0 | 7,331 | 7,331 |
| Non-NHS payables | 0 | 35,753 | 35,753 |
| Other borrowings | 0 | 0 | 0 |
| PFI & finance lease obligations | 0 | 0 | 0 |
| Other financial liabilities | 0 | 1,920 | 1,920 |
| **Total at 31 March 2012** | **0** | 45,004 | 45,004 |

## 27 Related Party Transactions

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

**2012-2013**

| | Role with PCT | Role within related party | Related party | 2012-2013 Payments to Related Party £ 000's | Receipts from Related Party £ 000's | Amounts owed to Related Party £ 000's | Amounts due from Related Party £ 000's |
|---|---|---|---|---|---|---|---|
| **PCT CLUSTER BOARD** | | | | | | | |
| Kathy Cowell | Chair | Member | East Cheshire Hospice Strategic Growth Committee | 506 | 0 | 0 | 0 |
| John Church | Vice Chair / Non-Executive Director (Western Cheshire Locality Chair) | Member | Wirral University Teaching Hospital NHS Foundation Trust | 1,091 | 573 | 210 | 0 |
| | | Member | Countess of Chester NHS Foundation Trust | 3,935 | 0 | 209 | 0 |
| | | Member | Cheshire and Wirral Partnership NHS Foundation Trust | 34,527 | 353 | 491 | 0 |
| James Kay | Non-Executive Director (Wirral Locality Chair) | Member | Wirral University Teaching Hospital NHS Foundation Trust | 1,091 | 573 | 210 | 0 |
| Bill Forsyth | Medical Director (CEC) | | Danebridge Practice (CEC) | 554 | 10 | 52 | 0 |
| Martin McEwan | Director of Communications and Engagement (Wirral) | Stakeholder Governor | Wirral University Teaching Hospital NHS Foundation Trust | 1,091 | 573 | 210 | 0 |
| | | Interim Director | Marketing and Communications, Alder Hey NHS Foundation Trust | 8 | 0 | 0 | 0 |

Phil Wadeson was appointed as the joint Director of Finance for NHS Merseyside Cluster and the NHS Cheshire, Warrington and Wirral (CWW) Cluster for the period 1 September 2012 to 10 January 2013 and continued to support the NHS CWW Cluster to the end of January 2013. He is deemed to have a related party interest in all four of the NHS Merseyside Cluster PCTs.

**2011-2012**

| | Related party | 2011-2012 Payments to Related Party £ 000's | Receipts from Related Party £ 000's | Amounts owed to Related Party £ 000's | Amounts due from Related Party £ 000's |
|---|---|---|---|---|---|
| Dr W Forsyth | Danebridge Medical Practice | 631 | 13 | 1 | 1 |
| Dr G O'Sullivan | Delamere Street Practice (Eagle Bridge) | 394 | 3 | 8 | 1 |
| Dr G Duce | Park Green Surgery | 145 | 0 | 0 | 0 |
| | Assura LLP | 183 | 0 | 2 | 0 |
| | Vernova Healthcare CIC | 164 | 0 | 0 | 0 |
| Dr N Paul | Ashfields Primary Care Centre | 371 | 20 | 0 | 5 |
| | Director and part owner Luapps Ltd | 9 | 0 | 0 | 0 |
| | Practice has income sharing agreement with Health2Works on non NW SHA sale | 88 | 0 | 0 | 0 |
| | CCG governor of The Mid Cheshire FT | 138,790 | 33 | 1,164 | 1 |
| | Spouse is partner at Kiltearn Medical Centre | 171 | 6 | 0 | 0 |
| Dr Andrew Wilson | Ashfields Primary Care | 371 | 20 | 0 | 5 |
| Dr Jonathan Griffiths | Swanlow Practice | 514 | 5 | 0 | 1 |
| Kathy Cowell | Member of East Cheshire Hospice Strategic Growth Committee | 527 | 0 | 0 | 0 |
| John Church | Council Member of St John Ambulance | 31 | 0 | 1 | 0 |
| Martin McEwan | Wirral University Teaching Hospital NHS Foundation Trust Stakeholder Governor | 1,081 | 15 | 65 | 0 |
| Dr P Bowen | McIlvride Medical Practice | 149 | 0 | 0 | 0 |
| | Woodlands Nursing Home Locally Enhanced Service agreement | 193 | 0 | 0 | 0 |
| | Spouse is a partner at Cumberland House Surgery | 232 | 0 | 0 | 0 |
| | Spouse is a shareholder in Vernova Healthcare CIC | 164 | 0 | 0 | 0 |
| Dr G O'Sullivan | Spouse works with Nuticia | 4 | 0 | 0 | 0 |
| Dr Jonathan Griffiths | Governor of The Mid Cheshire FT | 138,790 | 33 | 1,164 | 1 |

**27 Related Party Transactions contniued**

| The practices of the following General Practitioners, who are members of East Cheshire Commissioning Group, South Cheshire Clinical Commissioning Group or Vale Royal Clinical Commissioning Group Boards have received payments under GMS/PMS funding arrangements: | | 2012-2013 Payments to Related Party £ 000's | Receipts from Related Party £ 000's | Amounts owed to Related Party £ 000's | Amounts due from Related Party £ 000's |
|---|---|---|---|---|---|
| **Vale Royal Board** | | | | | |
| Dr Jonathan Griffiths | Swanlow Practice | 451 | 3 | 0 | 0 |
| Dr Jean Jenkins | High Street Surgery | 119 | 0 | 0 | 0 |
| Dr Fiona McGregor Smith | Danebridge Medical Practice | 554 | 10 | 52 | 0 |
| Dr Judi Price | Willow Wood Practice | 125 | 3 | 8 | 0 |
| **South Cheshire** | | | | | |
| Dr Michael Freeman | Millcroft Medical Centre | 455 | 0 | 0 | 0 |
| Dr Andrew Hudson | Hungerford Medical Centre | 165 | 4 | 0 | 0 |
| Dr Katherine Hutchinson | Kiltearn Medical Centre | 247 | 3 | 1 | 0 |
| Dr Annabel London | Kiltearn Medical Centre | 247 | 3 | 1 | 0 |
| Dr Neil Paul | Ashfields Primary Care Centre | 378 | 15 | 5 | 0 |
| Dr Andrew Spooner | Grosvenor Practice | 174 | 1 | 7 | 0 |
| **East Cheshire** | | | | | |
| Dr Paul Bowen | McIlvride Medical Practice | 179 | 0 | 20 | 0 |
| Dr Mike Clark | High Street Surgery | 119 | 0 | 0 | 0 |
| Dr Andy Coley | McIlvride Medical Practice | 179 | 0 | 20 | 0 |
| Dr Graham Duce | Park Green Surgery | 188 | 0 | 0 | 0 |
| Dr Julia Huddart | Kenmore Medical Centre | 595 | 0 | 0 | 0 |
| Dr Ian Hulme | Meadowside Medical Centre | 98 | 0 | 0 | 0 |
| Dr Jenny Lawn | Toft Road Surgery | 134 | 0 | 0 | 0 |
| Dr James Milligan | Handforth Dean Medical Centre | 206 | 0 | 27 | 0 |

| Details of other related party transactions with GP's who are part of the Clinical Commissioning Groups are as follows | | 2012-2013 Payments to Related Party £ 000's | Receipts from Related Party £ 000's | Amounts owed to Related Party £ 000's | Amounts due from Related Party £ 000's |
|---|---|---|---|---|---|
| **South Cheshire** | | | | | |
| Dr Neil Paul | Luapps Ltd | 11 | 0 | 0 | 0 |
| Dr Neil Paul | Heath2 Works | 252 | 0 | 0 | 0 |
| **East Cheshire** | | | | | |
| Dr Paul Bowen | Vernova Healthcare CIC | 325 | 0 | 0 | 0 |
| Dr Paul Bowen | Assura Medical | 224 | 0 | 0 | 0 |
| Dr Mike Clark | Vernova Healthcare CIC | 224 | 0 | 0 | 0 |
| Dr Mike Clark | Assura Medical | 325 | 0 | 0 | 0 |
| Dr Graham Duce | Vernova Healthcare CIC | 325 | 0 | 0 | 0 |

The Department of Health is regarded as a related party. During the year Central and Eastern Cheshire PCT has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are:

- NHS North West
- Primary Care Trusts:

Warrington, Halton and St Helens, Knowsley, Wirral and Western Cheshire.

- NHS Trusts:

Mid Cheshire Hospital NHS Foundatic Stockport NHS Foundation Trust
East Cheshire NHS Trust University Hospital of North Staffordshire NHS Trust
Cheshire & Wirral MH Partnership Fo Central Manchester University Hospitals NHS Foundation Trust
University Hospital of South Manche: Warrington & Halton Hospital MHS Foundation Trust
Christies NHS Foundation Trust Countess of Chester NHS Foundation Trust

- NHS Pensions Agency,
- NHS Estates Agency
- NHS Litigation Authority;
- NHS Business Services Authority

In addition, the PCT has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with Cheshire East Borough Council and Cheshire West and Chester Council.

## 28 Losses and special payments

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

| | Total Value of Cases £ | Total Number of Cases |
|---|---|---|
| Losses - PCT management costs | 72,800 | 23 |
| Special payments - PCT management costs | 16,000 | 6 |
| Losses in respect of the provision of family practitioner services | 0 | 0 |
| Special payments in respect of he provision of family practitioner services | 0 | 0 |
| Total losses | 72,800 | 23 |
| Total special payments | 16,000 | 6 |
| Total losses and special payments | 88,800 | 29 |

The PCT has no cases that were in excess of £250,000 for 2012/13 (no cases in 2011/12)

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

| | Total Value of Cases £ | Total Number of Cases |
|---|---|---|
| Losses - PCT management costs | 303,926 | 54 |
| Special payments - PCT management costs | 31,518 | 8 |
| Losses in respect of the provision of family practitioner services | 0 | 0 |
| Special payments in respect of he provision of family practitioner services | 0 | 0 |
| Total losses | 303,926 | 54 |
| Total special payments | 31,518 | 8 |
| Total losses and special payments | 335,444 | 62 |

The PCT has no cases that were in excess of £250,000 for 2011/12 (no cases in 2010/11)

## 29. Central & Eastern Cheshire PCT Pooled budget

The PCT has a pooled budget arrangement with Cheshire East Council who host the pool.

Memorandum Account for the period 1 April 2012 to 31 March 2013

| Funding | Cash £000 | Overheads £000 | Total £000 | 2011/12 Total £000 |
|---|---|---|---|---|
| Cheshire LA's | 27,445 | 572 | 28,017 | 21,889 |
| Central & Eastern Cheshire PCT | 7,005 | 0 | 7,005 | 13,133 |
| LDDF capital funding | 0 | 0 | 0 | (143) |
| Carried Forward Position | 0 | 0 | 0 | 0 |
| **Total Funding** | 34,450 | 572 | 35,022 | 34,879 |

| Expenditure | Cash £000 | Overheads £000 | Total £000 | 2011/12 Total £000 |
|---|---|---|---|---|
| Transport | 512 | 0 | 512 | 542 |
| Partnership Trust | 3,809 | 0 | 3,809 | 3,879 |
| Secure Commissioning | 1,456 | 0 | 1,456 | 1,456 |
| Other | 210 | 0 | 210 | 210 |
| Management | 1,071 | 0 | 1,071 | 1,128 |
| Nurse Advisor | 199 | 0 | 199 | 191 |
| New Health Network SLA | 2,581 | 0 | 2,581 | 2,227 |
| Health Contracts | 4,955 | 0 | 4,955 | 4,912 |
| External Social Care | 17,815 | 0 | 17,815 | 12,390 |
| Internal Provision | 10,397 | 0 | 10,397 | 10,445 |
| Overheads | 0 | 572 | 572 | 572 |
| **Total Expenditure** | 43,005 | 572 | 43,577 | 37,952 |

The payables and cash in notes 19 and 17 of these accounts include the following balances relating to the pooled budget

Payables - (£920,000)
Cash - £920,000

## 30 Events after the end of the reporting period

Under the provisions of The Health and Social Care Act 2012 (Commencement No.4. Transitional, Savings and Transitory Provisions) Order 2013, Central and Eastern Cheshire PCT was dissolved on 1st April 2013. The Department of Health has made detailed arrangements for the transfer of balances (assets / liabilities / contractual commitments) at their recognised carrying value such that there will be no surplus or deficit arising from this transfer. It is for the successor body to consider whether, in 2013/14, it is necessary to review these for impairment.

The PCT has a Transfer Agreement showing the expected destination of these balances but the final details have not yet been confirmed The Department's arrangements ensure that all assets, liabilities and contractual obligations of the PCT will be transferred to other bodies within the public sector. These include;

Eastern Cheshire Clinical Commissioning Group
South Cheshire Clinical Commissioning Group
Vale Royal Clinical Commissioning Group
NHS England
Cheshire East Council
Cheshire West Council
NHS Property Services

## INDEPENDENT AUDITOR'S REPORT TO THE DEPARTMENT OF HEALTH'S ACCOUNTING OFFICER IN RESPECT OF CENTRAL & EASTERN CHESHIRE PCT

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

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

- the table of salaries and allowances of senior managers [and related narrative notes] on pages 33 to 36;
- the table of pension benefits of senior managers [and related narrative notes] on pages 37 to 38; and
- the table of pay multiples [and related narrative notes] on page 39.

This report is made solely to the Department of Health's accounting officer in respect of Central & Eastern Cheshire PCT in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 45 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Department of Health's accounting officer and the Trust as a body, for our audit work, for this report, or for opinions we have formed.

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

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

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trust; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material

inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

**Opinion on regularity**

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

**Opinion on financial statements**

In our opinion the financial statements:

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

**Opinion on other matters**

In our opinion:

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

**Matters on which we report by exception**

We report to you if:

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

We have nothing to report in these respects.

**Other matters on which we are required to conclude**

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

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

· our review of the annual governance statement, and
· our locally determined risk based work on the transition to new commissioning arrangements.

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

**Certificate**

We certify that we have completed the audit of the financial statements of Central & Eastern Cheshire PCT in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Robin Baker
Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP

Royal Liver Building
Liverpool
L3 1PS

4 June 2013

**CENTRAL AND EASTERN CHESHIRE PRIMARY CARE TRUST**

**CLUSTER OF NHS CHESHIRE, WARRINGTON AND WIRRAL PRIMARY CARE TRUSTS**

# ANNUAL GOVERNANCE STATEMENT 2012/13

My review confirms that each Primary Care Trust had a generally sound system of internal control that supported the achievement of its policies, aims and objectives. The Primary Care Trust Cluster was established on 1st June 2011.

## Scope of responsibility

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

There was regular contact between the Strategic Health Authority and the Primary Care Trust which allows for any concerns to be addressed

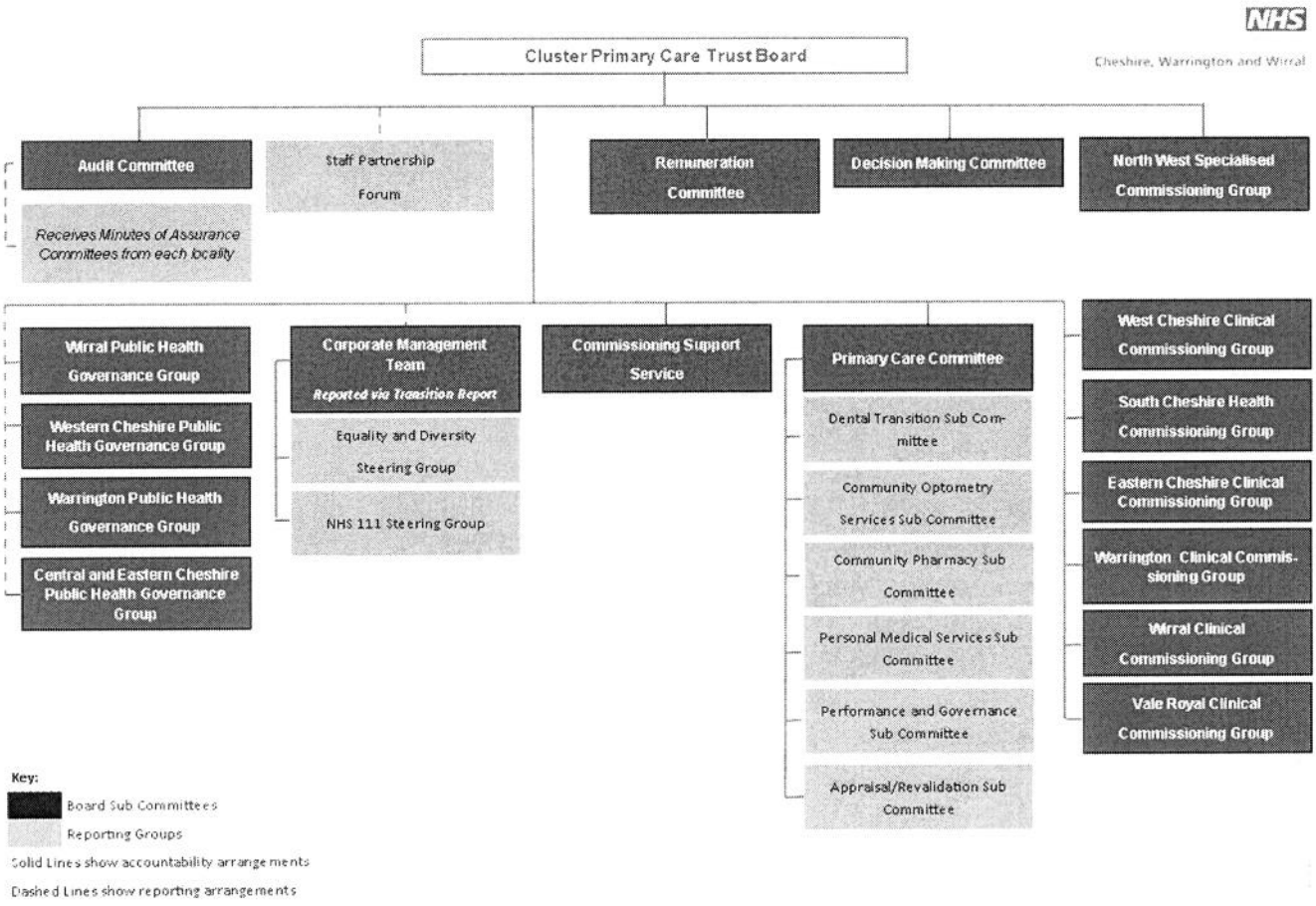
With respect to partnership working across the Local Health Economy, I met regularly with the Local Authority Chief Executives and as necessary with the Chief Executives of the providers within the Primary Care Trust area. The Primary Care Trust participates in partnership arrangements for children's services, adult services and health and well-being. The post of Joint Director of Public Health is jointly accountable to the Local Authority and the Primary Care Trust. There are a range of joint commissioning appointments across different organisations.

## The governance framework of the organisation

The NHS Cheshire, Warrington and Wirral Board was established on 6th June 2011 by the Establishment Agreement contained in Section A of the Standing Financial Instructions/Standing Orders (initially approved by Board on 6th June and updated and approved on 2nd November 2011). A diagram of the Governance Structure for the Cluster is shown below.

The Board has the following Sub-Committees which have delegated responsibilities as part of the Scheme of Reservation and Delegation.

- Audit Committee
- Remuneration Committee
- Decision Making Committee
- Primary Care Committee
- West Cheshire Clinical Commissioning Group
- South Cheshire Clinical Commissioning Group
- Eastern Cheshire Clinical Commissioning Group
- Warrington Clinical Commissioning Group
- Wirral Clinical Commissioning Group
- Vale Royal Clinical Commissioning Group
- North West Specialised Commissioning Group




The Board sub-committees all have terms of reference which have been approved by the Board. The Board also had a number of reporting groups from whom they receive minutes as part of the assurance process. These groups included:

- Public Health Governance Groups/Steering Groups for each Primary Care Trust (reported via the Transition Update Board Papers)
- Corporate Management Team (reported via the Transition Update Board Papers)
- Staff Partnership Forum

The Board met regularly either formally where meetings were held in public or informally for the Board's own development. Copies of the Formal Board agendas and papers are available on each of the Primary Care Trust websites and were published 5 working days in advance of the meeting. The minutes of the Board meetings and minutes of supporting groups as outlined below contain details of the attendance of members and any apologies received. The Board developed the following vision and values:

- Honesty and Integrity - by showing respect, fairness and trust to all our staff during a period of major change;
- Clear leadership - to develop positive attitudes and actions recognising the potential for people to make a difference; and by having the courage to take necessary tough decisions in order to successfully deliver the new NHS;
- Collaborative support - to all staff and teams to secure success with Clinical Commissioning, Commissioning Support and Public Health;
- Working creatively - with partners based on the common objective to keep our population at the centre of all we do.

These values were developed to provide focus for the Board in their role as a Cluster Primary Care Trust Board during the transitional period for the NHS. The Board fully complied with the UK Corporate Governance Code and was effective in discharging it roles and responsibilities.

The Audit Committee was responsible for ensuring compliance with statutory requirements and provided assurance to the Board on internal control and governance matters (both clinical and non-clinical), that supported the achievement of the organisation's objectives. The Audit Committee highlights have included:

- Monitoring the impact of wider NHS transition on the Cluster, including commissioning support arrangements, CCG development and the establishment of the NHS Commissioning Board. This included consideration of the impacts on areas of corporate priority including HR and Information Technology. The Committee also considered specific guidance on financial closedown of PCTs;
- Review of areas of financial focus including key aspects of the financial statements such as final accounts timetables, segmental reporting requirements and review of accounting policies. The Committee also reviewed tender waivers, progress against QIPP and losses & special payments;
- Regular updates from internal auditors including plans, progress reports, final reports issued and the Director of Internal Audit annual opinion; the Committee also tracked audit recommendations to ensure these were implemented. The outstanding recommendations have been transferred to the Clinical Commissioning Groups and this process is embedded as part of their governance frameworks;
- Regular updates from external auditors including plans, progress reports, annual governance reports and annual audit letters. The external auditors also provided updates on the transfer of responsibilities to the new external audit provider;
- Review of the Board Assurance Framework as part of the Committee's role to oversee the establishment and maintenance of an effective system of integrated governance, risk management and internal control;
- Updates from each of the PCT/localities and the hosted North West Specialised Commissioning Team focussing on local performance and transition issues; and,
- Review of counter fraud progress reports.

Throughout the year the Board has received copies of the Clinical Commissioning Group Board minutes. These have provided assurances of their delegated responsibilities which include the majority of commissioning budgets and performance of providers. Risk is an agenda item for all Clinical Commissioning Groups and mechanisms are in place to escalate risks for Board attention, where appropriate. Key points reported via these Sub-Committees have included:

- Monitoring of the Clinical Commissioning Group Financial Position;
- Finalising the Clinical Commissioning Group Staffing Structure and developing the organisational development plan;
- Development of a Planning Framework including contracts and the strategic plan for 2012/13;
- Preparing for Formal Board Meetings in public and undertaking Board development programmes;
- Reviewing commissioned services and preparing to implement any willing provider;
- Developing assurance frameworks for managing risk and reporting to the Primary Care Trust Cluster Board;

The NHS Cheshire, Warrington and Wirral Scheme of Reservation and Delegation clearly states that Quality is delegated to the Clinical Commissioning Groups to oversee for their respective providers.

In addition to regular reporting to Clinical Commissioning Group Boards, any exceptions including serious incidents are reported to the Primary Care Trust Cluster. Clinical Commissioning Groups are responsible for ensuring that exceptions are reported in a timely manner to the Primary Care Trust Cluster and that actions

are taken by the providers and themselves to address the exceptions. These exceptions are also included in the Quality Accounts for providers on an annual basis.

At its last formal Board Meeting in March 2013, the corporate handover document for NHS Cheshire Warrington & Wirral (NHS CWW) Cluster was presented. It is intended that this document will signpost all new NHS organisations who take responsibility for Primary Care Trust functions from 1 April 2013 to the key risks, issues and areas of concern of which those new bodies need to be aware as they assume responsibility for the discharge of their functions.

The Corporate Handover document should be read in conjunction with the Quality Handover document which sets out the key quality and safety issues for NHS Cheshire Warrington & Wirral Cluster. This was also presented to the Primary Care Trust Cluster Board in March 2013. Both documents are available on the Primary Care Trust websites as part of the Board papers.

From 1 April 2013 when PCTs were abolished, Area Team Directors continued to discharge the responsibilities associated with the financial closedown of PCTs. The production of the accounts for 2012/13 was supported by LAT Directors of Finance (DoFs). This has included:

- preparation and sign off of PCT accounts for 2012/13;
- support for the completion of the Department's resource account;
- designation of closing balances to residual organisations;
- management of local discharge of balances transferred to the Department; and
- management of payroll queries and other related payroll issues.

However, when PCTs ceased to be statutory bodies on 1 April 2013, the statutory status of the essential scrutiny and governance function provided by Audit Committees has been lost. To maintain rigour in the process, we have established an Audit Sub-Committee of the Department of Health Audit & Risk Committee, to support the final accounts process. This approach will draw on the expertise of current Audit Committee members when forming the Sub-Committee. This arrangement will provide a mechanism with the appropriate status to discharge the function.

The non-executive directors (NEDs) that form the Sub-Committee have been identified locally and include the previous chair of the PCT Cluster. They have been appointed by the Department's Permanent Secretary following local nomination. The Cluster Audit Sub-Committees took place in May and June 2013 to agree the accounts in line with national timescales.

**Risk assessment**

The Corporate Risk Register enabled the Cluster to understand its comprehensive risk profile. It records dependencies between risks and links between risks on the Board Assurance Framework and the risk registers of individual functions.

The Corporate Risk Register is derived from a number of sources:

- escalation from Risk Registers held by:
  - Clinical Commissioning Groups
  - Commissioning Support Service
  - Public Health Departments
  - Primary Care
  - Cluster wide e.g. Emergency Planning.
- the business planning system, which determined the Primary Care Trusts' principle objectives, corporate activities such as the planning process or business case development, external inspections (e.g. Health and Safety Executive) complaints/ incidents and litigation.

Items for the Risk Register which were a standing item on agendas of:

- The Board
- Audit Committee
- Remuneration and Terms of Service Committee
- Clinical Commissioning Group Boards
- Public Health Governance Committees
- Commissioning Support Service Board
- Primary Care Committee.

The Corporate Risk Register is a dynamic document, held by the Cluster Office. It forms part of the legacy document for when the Primary Care Trusts are abolished. Risks identified as significant or complex were entered on to the Corporate Risk Register, quality assured by the Corporate Management Team before escalation to the Board.

The Assurance Framework was developed in accordance with guidelines provided by the Department of Health.

This is a high level document that recorded the principal risks that could have impacted on the Cluster achieving its strategic objectives. It provided a framework for reporting key information to the Board. It provided assurance that risks were managed effectively and objectives were delivered and also identified which of the Primary Care Trusts' objectives were at risk because of gaps in controls or assurance about them.

During 2012/13 the following risks were highlighted to the Cluster Board:

- Ensuring a robust PCT closedown as part of NHS transition arrangements, including the need to successfully identify and transfer assets and liabilities;
- Assurances need to be in place that commissioned services are safe and of good quality. This risk has been mitigated through inclusion of quality and safety aspects in all contracts and robust contract monitoring arrangements;
- The need to successfully implement the NHS '111' programme. The Cluster has established a Steering Group with representation across all CCGs to implement and monitor progress against key milestones; and,
- The need to support CCGs engagement in the QIPP agenda – this has been mitigated through each CCG having approved, individual QIPP plans and securing GP involvement in QIPP projects.

Principal risks were not considered in isolation, but derived from the prioritisation of risks fed upwards through the whole organisation, including Risk Registers and Assurance Frameworks held and managed by Clinical Commissioning Groups, Public Health Departments, Commissioning Support Service and Primary Care. In this way the Risk Registers will contribute to the Board Assurance Framework and ensure that system risks are identified and monitored.

All Clinical Commissioning Groups/Public Health/Primary Care/Commissioning Support Service minutes are submitted to every formal Cluster Board and each of the groups attends the Board on a rolling basis or when there is a specific item which requires Board approval. The Cluster has a Single Audit Committee which is enabling and supporting the development of local governance groups (inc QIPP governance). Regular quality meetings are held with providers (see further detail below) and Clinical Commissioning Groups. The Chief Executive meets formally with Clinical Commissioning Group Chairs and Chief Officers bi-monthly and with Directors of Public Health also monthly. The Cluster is part of the Regional Management Board in Cheshire and Warrington and the Health and Local Government meetings in Wirral. There is also

senior Cluster attendance at all Health & Wellbeing Boards. Delegated arrangements are detailed in Standing Orders and Financial Instructions

During 2012/13 there were no lapses of data security. Therefore no incidents were reported to the information commissioner relating to any of the Primary Care Trusts.

**The risk and control framework**

The Risk Management Strategy sets out the responsibility and role of the Chief Executive in relation to Risk Management. The Board took direct responsibility for the monitoring of the assurance framework and for risk management.

Board committees were supported by the governance structure and have received reports from a number of other Trust and locality-wide groups, to ensure that all significant risks were highlighted to the Board.

The Assurance Framework identified those risks deemed as strategically significant to the objectives of the organisation. Risk Management was embedded within the organisation and the process was been cascaded to service areas to assist with the development of an organisation-wide risk awareness culture. This was supported by operational risk registers which enabled risk management decision-making to occur as near as practicable to the risk source, and for those risks that cannot be dealt with locally to be passed upwards to the appropriate level within the organisation.

The Primary Care Trust Assurance Framework, Corporate Risk Register and Top Risks were reviewed and updated regularly. Risks were identified via a number of routes, including reports from staff and senior managers, incidents, complaints and Primary Care Trust Committees. The Cluster Team was responsible for ensuring all risks were appropriately graded and that action plans were regularly monitored.

The Primary Care Trust undertook a wide range of mandatory and statutory training for all staff and there was a greater emphasis on staff training during 2012/13 following the introduction of e-learning. Staff were required to undertake training in relation to Counter Fraud, Equality and Diversity, Fire Safety, Infection Control, Information Governance, Safeguarding Children and Adults as well as Health and Safety. This training was mandatory for all staff and was a key part of the organisation's core induction. This ensured that risk management, risk assessment and incident reporting were highlighted together with key Trust strategies, policies and procedures. These included risk management strategy, infection control, and complaints.

Statutory & Mandatory training compliance rates across the Cluster were taken as at January 2013. Overall the Cluster was 70.6% compliant across the 8 core courses, which was an increase of 1.6% on the October figure. However, training compliance reduced in comparison to the previous year as a result of the NHS Transition. Compliance reports were sent out to the locality HR Teams so that discussion with line managers about ongoing compliance action could be undertaken. Two out of the eight courses are achieving the National compliance rates of 85% or higher".

The Trust has ensured:

- Director objectives were aligned with key Corporate Objectives.
- The Primary Care Trust is committed to engaging local independent contractors to facilitate the development of good governance and risk management processes.
- The Primary Care Trust seeks independent assurances from third party providers of services to the Primary Care Trust over the effectiveness of internal controls in place. Relevant reports covering the review of third party provider controls are presented to the Audit Committee during the year.
- Control measures are in place to ensure that all the organisations' obligations under equality, diversity and human rights legislation are complied with.

## Review of the effectiveness of risk management and internal control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work. The overall level of the Head of Internal Audit Opinion is one of significant assurance. Significant assurance can be given that there was a generally sound system of internal control designed to meet the organisation's objectives and that controls were generally being applied consistently. However some weaknesses in the design or inconsistent application of controls put the achievement of particular objectives at risk. Executive managers within the organisation who had responsibility for the development and maintenance of the system of internal control provided me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that managed the risks to the organisation achieving its principal objectives have been reviewed.

My review is also informed by:

- Attendance and debate at the Corporate Management Team Meetings, Primary Care Trust Board, and reports from the Audit Committee.
- The achievement of financial duties and the financial position of the Primary Care Trust.

Assessments from Mersey Internal Audit which report:

- Classified the Assurance Framework at the highest level 'A': 'An Assurance Framework has been established which is designed and operating to meet the requirements of the Annual Governance Statement and provide reasonable assurance that there is an effective system of internal control to manage the principal risks identified by the organisation'.
- Responses to staff and patient surveys and other external reviews.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control.

In addition I am aware of the importance of the roles of the following:

- The Board, The Board's role is to provide active leadership of the Trust within a framework of prudent and effective controls that enable risk to be assessed and managed
- The Audit Committee, as part of an integrated committee structure, is pivotal in advising the Board on the effectiveness of the system of internal control. Any significant internal control issues would be reported to the Board via the Audit Committee. An Audit Committee report has been produced outlining how the Committee complied with its duties delegated to it by the Primary Care Trust Board in its Terms of Reference.
- Executive Directors' roles and responsibilities in ensuring systems of internal control are in place and implemented effectively.
- Internal Audit provides reports to each meeting of the Audit Committee and full reports to the Director of Finance and key officers. The Audit Committee also receives details of any actions that remain outstanding from the follow up of previous audit work. The Director of Finance also meets regularly with the Audit Manager.
- External Audit – provides external audit annual management letter and progress reports to the Audit Committee.

## Significant Issues

### Financial Position at Year End for NHS Cheshire, Warrington and Wirral

The Cluster Plans were for an overall budget of £3.3 billion, which includes £1.1 billion in respect of the North West wide Specialist Commissioning function. The total surplus planned and delivered for the year is £10.3 million, excluding impairments. In addition, it is worth noting the challenging Quality, Innovation, Productivity and Prevention savings of £107.4 million, of which £55.7 million was cash releasing.

### NHS 111 Programme

The 111 Programme had an established governance process for mobilisation actions which were required along with an established, and now on-going clinical governance assurance process since the "go live" of the service at the end of March. The Cluster role was to ensure that the mobilisation requirements were fulfilled and any outstanding actions were managed by way of a risk register as part of the joint mobilisation arrangements with Merseyside. This was due to the contract for the 111 programme being provided on a joint Cheshire and Mersey footprint.

The Cluster also ensured that the clinical governance arrangements were implemented and a structure of local clinical advisory groups (LCAG) established. Each LCAG (based around Out of Hours Services) will be led by a Clinical Commissioning Group, who will be responsible for co-ordinating and establishing the LCAGs, who will report through the 'county' specific clinical governance groups and ultimately via a clinical lead to the North West Clinical advisory group.

### Financial Position

For 2012/13 Central & Eastern Cheshire reported an under spend of £3.547 million against its resource limit of £761.858 million; this under spend will be returned to the health economy in the next financial year. The main financial highlights are as follows:

- We have worked increasingly through our three Clinical Commissioning Groups(CCGs), our Director of Public Health and our Primary Care Team and continued to work towards significant levels of devolved budgets;
- We have achieved Commissioner QIPP savings of £35.2 million in 2012/13;
- We were also required to lodge 2% of our Resource with NHS North and then to apply for its return via a business case, this was intended to demonstrate its Non Recurrent use. This non recurrent expenditure was £14.187 million;
- We have maintained recurrent financial balance.

## Performance Issues

East Cheshire Trust has struggled to deliver the accident and emergency 4 hour standard and the Referral to Treatment standard especially from Quarter 4 of 2012/13. At the end of the year the Trust failed to deliver the required overall year to date 4 hour standard for accident and emergency, however significant recovery plans and actions are now in place to address these performance issues. As a result of the multifactorial issues including pressure within the emergency department and non elective admissions, the Trust has identified with the commissioner that a backlog of elective work has built up and recovery plans have been developed to address this. East Cheshire Trust has also struggled to deliver against the Clostridium difficile targets and as a result of this, in agreement with the commissioner a revised trajectory was put in place and the Trust is currently achieving this.

Mid Cheshire Trust has this year made significant progress with delivering the accident and emergency standard and delivered the overall year to date standard. However in relation to delivery of elective targets

on an individual specialty basis, it was identified that there were capacity issues within ophthalmology, with this currently being addressed between the commissioners and the Trust.

**Specific Issues**

The PCT was subject to a CQC Inspection in relation to Safeguarding Children during 2011/12. A number of recommendations were made with the corresponding action plan now complete with the following actions implemented:

- Service users are being engaged through the provider contracts that have explicit sections within the CQIN for providers to engage with service users. The CCG is also using current engagement routes with Cheshire East and CWAC councils to engage with young people.
- Health needs of care leavers – the CCGs have invested in the cared for Children/LAC nursing services from April 2013 in order to ensure that the young person's health needs have been fully addressed. This also included a health information booklet for the young person as they leave the formal care system so they have a reference guide to help them navigate the health services as an independent young person.
- Children are engaged in the "Be Healthy" agenda through the on-going work in schools, with the specific nursing CFC/LAC services, and through young people's services as a part of the prevention programmes. Young people have been involved in the training of foster carers directly to share their experiences of foster care. There is a planned expansion of the LAC/CFC nursing team shortly: recruitment of relevant health practitioners will involve the children who use the service.
- A routine audit of the health files is carried out by the service as part of the monitoring processes in place. The health files have also been audited via the LSCB multi agency audits as well as Ofsted inspection.

The cared for Children's service has had additional resources to fund improvements in service delivery as outlined in the action plan. This includes additional nursing and medical staffing. These additional resources have been funded by the new CCGs of South Cheshire, Vale Royal and East Cheshire CCGs for 2013/14. The scrutiny group established by Cheshire East Council has also concluded its work and reported this back to council which included the additional resources planned for 2013/14 to address some of the shortfall.

**Conclusion**

To the best of my knowledge, the governance arrangements in place are effective with the exception of the significant issues reported above.

**Accountable Officer:** Moira Dumma

**Organisation:** Central and Eastern Cheshire Primary Care Trust

**Signature:** 

**Date:** 3.6.2013