COMMISSION FOR PATIENT AND PUBLIC INVOLVEMENT IN HEALTH

REPORT & ACCOUNTS

For the period 1 April 2007 to 30 June 2008

Ordered by the House of Commons to be printed 17 July 2008

HC 810 LONDON: The Stationery Office £9.25

COMMISSION FOR PATIENT AND PUBLIC INVOLVEMENT IN HEALTH

REPORT & ACCOUNTS

For the period 1 April 2007 to 30 June 2008

Ordered by the House of Commons to be printed 17 July 2008

HC 810 LONDON: The Stationery Office £9.25

Contents

Annual report*

* Footnote:
The term Annual Report relates to the fifteen month period 1 April 2007 to June 2008, which encompasses the final operational year of the Commission to which the Annual Report specifically relates to.

ISBN: 9780102956689

1 CHAIR'S COVERING MEMORANDUM TO THE SECRETARY OF STATE FOR HEALTH

To: Rt. Hon Alan Johnson MP
Secretary of State for Health

As the Commission for Patient and Public Involvement in Health was abolished by Parliamentary legislation in April 2008, this is the last Annual Report of the Commission for which there will be no replacement at a national level.

The Commission may be unique as a public body in that only months after it became operational it was informed that after a review of 'arm's length bodies'- it would be quickly abolished. This change in Government strategy – rather than failures by the organisation – was followed by five Government postponements of the actual closure date.

However, in spite of these uncertainties the Commission and PPI forums achieved a great deal and it is quite remarkable that PPI Forums, made up of volunteers, worked right up to the end and continued to make a discernable difference to their local health systems. Indeed, through their collaborative working with other PPI forums and the Commission we were able to comment on national trends in the NHS and shortcomings, and these are set out later in this report.

Although neither the Commission nor the PPI Forums will be replaced, LINks will now be established, based on local authority areas with social services responsibilities. They will embrace engagement in both health and social care. We wish the new system well but have well documented concerns about the lack of national co-ordination, adequacy of funding and the time that will be taken for the new system to be set up and start to deliver. The public deserve, and NHS and social care needs, a well developed and inclusive system of PPI to enable public perspectives to be included and indeed shape future policies, planning, delivery and commissioning of services.

Not only did PPI forums deliver throughout the year but they were ably supported by their Forum Support Organisations and Commission staff. It has been through a concerted team effort that an impact has been made both locally and nationally and there has been with a well documented background of good governance and sound financial management

During the final year, PPI Forum members undertook two national health campaigns looking at important issues in the NHS.

Care Watch

This campaign reported its findings in April 2007 during which members of PPI Forums asked 2,462 patients across the country for their views on crucial issues which could affect a patient's dignity, such as privacy, communication and assistance with eating.

Results of the survey found that contrary to popular belief, patients believe that the NHS is generally getting patient dignity right. However, the results also showed that as the NHS changes then so do patients' expectations, with many anticipating less personal care than they did in the past.

Following the Care Watch survey, a number of NHS Trusts have taken steps to address the issue of dignity in care and mixed sex wards with the support of their local PPI Forum.

Dentistry Watch

Throughout July and September 2007, 119 PPI Forums surveyed 5,212 patients and 750 dentists on their views and experiences of dental services. This was the largest survey ever conducted of NHS dental services in England, a truly impressive example of the collective power of PPI Forums. The survey attracted an overwhelming amount of media attention, with coverage in all national newspapers.

Legacy activity

The Commission worked throughout the year to ensure as smooth a transition to the new system as possible.

We supported local legacy work with individual PPI Forums, as well as with a variety of local and national stakeholders. We also published and circulated to Local Authorities, Parliamentarians and NHS Trusts two documents: 'Putting people at the centre: A vision for the future of public engagement in Health and Social Care' and 'Delivering Value' which sets out what has been achieved with the £150 million of public funding.

I believe that we have provided a firm legacy for LINKs to build upon and wish success to all the many thousands of people who will continue to work for a clearer voice for patient and the public in health.

Sharon Grant
Chair

2 BACKGROUND TO THE FORMER COMMISSION

The Commission for Patient and Public Involvement in Health was an independent, Non-Departmental Public Body, sponsored by the Department of Health. The Commission's role was to ensure that patients and the public are involved in decision-making about health and health services in England.

Set up in January 2003, the Commission established the first ever independent national system for involving patients and the public through 568 separate PPI Forums, one for every NHS Trust, Foundation Trust and Primary Care Trust in England. Furthermore the Commission recruited several thousand volunteers who actively engaged in local health decision-making through the Forums.

PPI Forums were directly supported by Forum Support Organisations (FSOs), contracted by the Commission, which were made up of voluntary and not-for-profit organisations. The FSO system was an innovation devised by the Commission to utilise the knowledge, experience and existing contacts of these organisations for the benefit of Forums across England and was a system, which on the whole has worked well during the Commissions lifetime.

Public involvement in health has been stated as a key part of Government policy and the transition of this former system to the proposed LINks will be key, both in order to remain effective and to maintain the involvement of volunteers who have experienced a great deal of uncertainty since PPI Forums were established. The Commission worked closely with the DH to ensure a smooth transition from the former system through to closure, in preparation for the inception of the new LINk system.

In November 2006, the Health Select Committee announced that it was undertaking an Inquiry into PPI. The Commission submitted both oral and written evidence – as did many PPI Forum members.

The Commission raised many concerns regarding LINks, primarily:

- Adequate resources – the Commission undertook an analysis on the budget required to deliver the local LINk proposals and surmised that it would require £64 million to delivered this – more than twice the CPPIH budget

- Accountability – a report published by the Centre for Public Scrutiny found that the Overview and Scrutiny Committee 'holding to account' function is underdeveloped. The LINks should be accountable to local communities: the Local Government and Public Involvement Bill makes no provision to hold individual LINks to account beyond the production of an annual report

- Independence – it is important for LINks to be credible and avoid undue influence by health professionals, especially where local government itself is responsible for the provision of services

- Fear of there being a 'gap' in PPI as one system ends as another begins – the Commission believes that Forum members have acquired considerable knowledge of their local NHS, and developed relationships with trusts and community organizations. The Commission also welcomes the move towards broadening and simplifying LINk membership to enable a smooth transition from the current system

- Timing – changes are occurring during a period of intense change in the NHS – the Commission has concerns around the timing of the change, which comes at a time when the NHS is undergoing major upheaval.

The Report was published on 20 April 2007.

During the final operational period to which this report and account relates, the Commission continued to meet its statutory responsibilities in respect of PPI Forums and PPI as prescribed in the legislation until the time of its operational abolition on 31 March 2008. This final period of operational activity provided a highly challenging environment in which to maintain performance, ensure value for money and motivate Commission staff and Forum members.

During the period the Commission continued to work to the four strategic objectives set by its Department of Health sponsor, the Chief Nursing Officer:

- *To contribute to the implementation of the new PPI system and develop a meaningful legacy that helps to inform the future of public involvement in healthcare.*

- *To maintain PPI Forums as effective organisations and put in place appropriate arrangements for the support of PPI Forums, subject to the availability of funds and value for money.*

- *To maintain CPPIH as an effective organisation through its abolition and ensure that it is closed down in a managed way and proportional to its available funds.*

- *To plan and deliver the closure of the organisation minimising all costs and liabilities through the process.*

During the period there was an ongoing dialogue with the DH to establish how the Commission could best contribute to the transition to the new LINks system.

During the reporting period, on behalf of the DH, the Commission managed seven Early Adopter Projects (EAPs) to test out the concept of LINks. They were selected to reflect the diversity of areas, including urban and rural localities with diversity in ethnic communities. These projects trialled the process of LINk membership recruitment, in order to ensure diversity in membership, they also tested the accountability mechanisms, support models and relationships with the Local Authority. The Projects were located in County Durham, Doncaster, Manchester, Hertfordshire, Kensington & Chelsea, Medway and Dorset. The Commission's Area Directors' main role was to work with local communities to establish the EAPs whilst Transition Co-ordinators, seconded from the Commission, supported the Area Directors in transitional activity by developing the LINks and co-ordinating stakeholder and community involvement.

3 FUTURE DIRECTION OF THE COMMISSION

The DH's Arms Length Body review resulted in a Ministerial decision to abolish the Commission in July 2004. The final date for abolition was reviewed on five separate occasions. Following Royal Assent for the Local Government and Patient and Public Involvement in Health Bill in October 2007, the statutory functions of the Commission ceased as of 31 March 2008 with a short period of organisational closure finalised by 30 June 2008.

4 PATIENT AND PUBLIC INVOLVEMENT (PPI) FORUMS

4.1 Introduction to PPI Forums

While the Commission had a range of statutory responsibilities, its main outputs occurred through the establishment and support of PPI Forums. These were in existence from December 2003 to March 2008, so within this reporting period there is fourth and final full year of PPI Forum operation.

The PPI Forum system consisted of groups of volunteers. Each group was established by legislation to be independent of the NHS and of the Commission which had responsibility for appointments to the PPI Forums and for their support, but not for their direction.

As part of the Government's plans to create a patient-led NHS, the NHS underwent a period of reorganisation. This led to Strategic Health Authorities being reduced from 28 to 10, Ambulance Trusts merged to create a total of 12 and the number of Primary Care Trusts was reduced from 303 to 152. There was a PPI Forum associated with every NHS Trust, Primary Care Trust and Foundation Trust in England and in order to reflect the changes in the NHS, PPI Forums also merged. Where previously there had been 568 Forums, post-merger the figure stood at 393. The structure of the PPI Forum was designed to give each Trust a 'critical friend' which worked closely with it, but represented patients' views. PPI Forums developed their own work programme, making sure that health services were monitored and it was they, rather than institutions or professionals, who decided which local health issues, were considered.

4.2 Forum Successes

Practically every PPI Forum could highlight an issue raised with their Trust or where the PPI Forum sought to influence an improvement in delivery of service. PPI Forums continued to work on a wide range of health subjects, including dentistry, waiting times, hospital food and transport, contributing to improvements for the consumers of these services and ensuring patients and the public did have a say.

Major successes were publicised but the hundreds of minor successes did not tend to receive the recognition they deserved. The impact of minor accomplishments for service users should not be underestimated. They may not affect huge numbers but the impact is still real and significant.

PPI Forums were successful in holding Trusts to account regarding decision-making and its effect on service users. This was achieved even in Trusts who already had their own established methods of involving and consulting with patients and the public. Even when this did not lead to a changed outcome, it facilitated improved communication between service users and Trusts.

The following sections provide a small snapshot of the positive work being carried out by PPI Forums across the country. Further details of each PPI Forum's activity and achievements were published every year by the individual Forums with a National Summary of their achievements being published annually by the Commission.

4.3 National Activity

During the final year, PPI Forum members undertook two national health campaigns looking at important issues in the NHS.

Care Watch

This campaign reported its findings in April 2007 during which members of PPI Forums asked 2,462 patients across the country for their views on crucial issues which could affect a patient's dignity, such as privacy, communication and assistance with eating.

Results of the survey found that contrary to popular belief, patients believe that the NHS is generally getting patient dignity right. However, the results also showed that as the NHS changes then so do patients' expectations, with many anticipating less personal care than they have did in the past.

Findings were shared with decision-makers at the Department of Health (DH) and Forums were congratulated for their work on the survey. The DH reiterated the importance of patient surveys and announced that the Forums' findings would form part of the Government's 'Dignity in Care' Campaign.

Following the Care Watch survey, a number of NHS Trusts have taken steps to address the issue of dignity in care and mixed sex wards with the support of their local PPI Forum.

Dentistry Watch

Throughout July and September 2007, 119 PPI Forums surveyed 5,212 patients and 750 dentists on their views and experiences of dental services. This made it the largest survey ever conducted of NHS dental services in England, a truly impressive example of the collective power of PPI Forums. The survey attracted an overwhelming amount of media attention, with coverage in all national newspapers. It was also the main news item on many broadcast news programmes including BBC TV, Radio 4's The Today Programme, ITN and Sky News.

National results from the patient survey showed:

- 78% of private dental patients left the NHS because either their dentist stopped treating NHS patients, or because they could not find an NHS dentist. Only 15% claimed it was because they believed they got better treatment;

- 35% of those not currently using dental services stated it is because there is not an NHS dentist near where they live;

- 6% said they had treated themselves, including extracting their own teeth, because they were unable to get professional treatment;

- Over half of all patients (and almost half of all NHS patients) didn't understand dental charges;

- Almost 20% of NHS Patients have gone without treatment because of the cost.

However of the patients that did receive NHS treatment, almost all (93%) were happy with the treatment that is provided.

Of the dentists surveyed:

- 45% are not accepting any more NHS patients
- 58% of dentists believed that the quality of care patients receive since the new dental contracts had got worse
- 84% of dentists believed that the new dental contracts had failed in making it easier for patients to get an NHS dental appointment
- 73% of dentists were aware of patients declining treatment because of the cost.
- Many dentists also reported unhappiness with the new contract claiming that it offered them no incentive to take on new patients, was too target driven and penalised those who needed treatment the most

As well as the intense media interest, the campaign also led to a Health Select Committee Inquiry and many of the campaigns claims have been subsequently backed up by other research.

4.4 Community engagement

PPI Forums recognised the importance of reflecting the views of their local community and ensuring that everyone, including those not usually heard, had a voice in the future of health services.

PPI Forums used their knowledge and experience within their communities to develop innovative ways of raising awareness and reaching these 'hard to engage' groups, which include prison inmates, travelling communities, ethnic minorities and remote communities.

PPI Forums had had a real impact in engaging with their communities and some examples of this include:

North Tyneside dentistry meeting

North Tyneside PPI Forum held a public meeting to resolve a number of issues surrounding the lack of available NHS dentists in the region. Representatives of North Tyneside PCT attended the meeting, along with members of the local authority Overview and Scrutiny Committee, community groups and the general public. The meeting provided the general public with an opportunity to express their concerns with the current situation, however the PCT was able to highlight their recent success in recruiting new dentists and expanding services across the area.

Access to Luton health services

Luton PPI Forum has lobbied against reduced opening hours and access to GP appointments at the town's walk-in centre. Opening hours at the walk-in centre have been reduced by some 79 hours a week. Together with Luton MPs, Margaret Moran and Kelvin Hopkins, the PPI Forum for Luton

met with representatives from Luton teaching Primary Care Trust to discuss their concerns and highlight the views and requirements of local people in the area.

Engaging 16 – 19 year olds

Young people in Coventry want more direct engagement on health matters that concern them and a direct voice in the way in which information is presented to them by health and education services. These were the views gathered during the 'Engaging 16 to19 year in Health Matters' project, conducted by the Coventry PCT PPI Forum. This project was designed to give local young people the opportunity to express their views on how health services and health education impact upon them. Four secondary and two local schools took part in the project.

Proposed Closure of Derby Diabetes Unit

Derby Hospitals PPI Forum worked to prevent the closure of a specialist diabetes unit at Derbyshire Royal Infirmary. The Forum has monitored diabetes services for the past three years, and became increasingly concerned at the lack of plans for a dedicated diabetes unit within the new hospital structure. As a result, the Forum began a campaign to ensure the needs of diabetes patients are not overlooked. In one month alone, the Forum collected over 2,000 petition signatures to save the unit. The Forum has been working with the Trust to identify appropriate solutions.

Survey of GP care home services

Bristol PPI Forum completed a survey of GP Services provided to Care Homes. The results revealed general satisfaction with local GPs, but concerns about access to Out of Hours doctor services. Patients and managers from 29 Bristol Care Homes took part in the survey which revealed GP services, home visits by NHS staff and repeat prescription arrangements to generally be working well.

Bathroom cleanliness

Kettering General Hospital PPI Forum carried out a number of cleanliness inspection audits at the hospital, focusing on bathroom and toilet facilities. A number of issues were highlighted by the audits including the poor state of a number of toilets used by both staff and patients. There were also concerns around the care of public toilets in the main entrance, public areas and corridors of the hospital. Following the inspections, the Forum produced a detailed report, which it sent to the Hospital for immediate action.

Improving hospital discharge procedures

Ashford & St Peter's Hospitals PPI Forum compiled a detailed report that highlighted one of the main concerns of patients when being discharged from hospital have is a lack of information about their condition and what they can or can't do after discharge. The report made a number of recommendations, including providing patients with written information on their current condition and the medicine they require, and contact details if they require further guidance. The report has been presented to the Trust.

4.5 Providing a public and user voice in specialist services

Specialist PPI Forums, such as Ambulance and Mental Health Trusts were especially valuable in that they often had a unique understanding of these specialist areas. This can be particularly seen in the case of Mental Health Forums, where many PPI Forum members are, or have been, service users.

Some positive examples of Forums who made a difference to local services include:

West Berkshire discharge surveys

Royal Berkshire Hospital PPI Forum, South Central Ambulance PPI Forum and Berkshire West PCT PPIF formed a West Berkshire Hospital Discharge survey group to look into hospital discharge procedures. More than 400 questionnaires were distributed to patients after being discharged from hospital. In addition hospital visits took place and members of the Forum's discharge group spoke directly to a number of patients. The evidence gathered by the Forum was presented to the Trust and was used to help improve discharge procedures.

North Tyneside Maternity Services

Following a decision to change the provision of maternity services at North Tyneside General Hospital from a consultant led unit to a midwife led unit, PPI Forum members in North Tyneside have been working to assess how successful the changes have been, as well as identifying any problems that patients may be enduring. The changes were made by the Trust to improve patient safety, however many people were concerned that a midwife led unit may compromise the quality of service provided to expectant mothers. As such North Tyneside PPI Forum organised a public meeting to find out the opinions of local people towards the new maternity unit. The meeting was extremely well attended, and provided a good platform for debate. Representatives of the Trust were able to explain why the changes to the unit had been made and highlighted positive feedback they had received from people using the service. Despite this a number of expectant mothers raised concerns that a lack of consultants at the unit may cause problems if complications during birth were to arise.

GP access and choice in Northampton

Northamptonshire PPI Forum for Primary Care wanted to ensure that local residents could make an informed choice when choosing a GP surgery. As such, the Forum decided to ensure that the results of the Department of Health's GP Patient Access and Patient Choice Survey are provided in an easy to understand format, and are made available in easily accessible places. The Forum worked with Northamptonshire PCT to ensure the survey results were uploaded to the Trust's website, and that the web link was clearly signposted on the site. In addition the Forum wanted to ensure the information reached a wider audience, and therefore contacted the local media to ensure they highlighted the results of the GP survey. Finally the Forum was aware that the basic presentation of the survey results was not easily understandable for everyone, and that additional information, such as the location of GP practices, needed to be included. The Forum and their supporting FSO therefore set about reformatting the results, and included all further information that local people would require to make an appropriate choice of surgery.

4.6 Working with Partners

Forums regularly worked in partnership with others. PPI Forums played a crucial role in the Healthcare Commission's (HCC) 'Annual Health Check', providing a commentary for each Trust on how the PPI Forum felt that the Trust had performed over the previous year.

PPI Forums increasingly referred to NICE (National Institute for Health and Clinical Excellence) guidance in their reviews of Trust services. By using NICE guidance, PPI Forums helped to get a better service for the public by: checking whether Trusts were following current best practice in providing and improving services; and giving patients and the public a greater say in the service they get by making them aware of NICE guidance and how to use it.

GP practices in Manchester

Forum members from the Manchester Health Watchdog have been working in partnership with GP practices to help improve and develop primary care services in line with local needs. The project involved doctors, practice managers and Forums coming together to discuss the results of patient surveys. Following this, the Forum helped produce an action plan for each practice to complete over the next two years. This initiative was part of the Quality Outcome Framework process, and seven visits were made to GP practices in central and south Manchester.

West Berkshire discharge surveys

Royal Berkshire Hospital PPI Forum, South Central Ambulance PPI Forum and Berkshire West PCT PPIF formed a West Berkshire Hospital Discharge survey group to look into hospital discharge procedures. More than 400 questionnaires were distributed to patients after being discharged from hospital. In addition hospital visits took place and members of the Forum's discharge group spoke directly to a number of patients. The evidence gathered by the Forum was presented to the Trust and was used to help improve discharge procedures.

5 THE COMMISSION AND ITS FUNCTIONS

The Commission sought to facilitate public involvement in the decisions that affect people's health and well-being. The Commission was committed to service delivery characterised by professional competence, transparency of its processes and decision-making, objectivity, integrity, openness and diversity, by placing the interests of patients and members of the public at the heart of everything it did.

The mission statement above was drawn up by the Commission in response to its statutory functions set out in Chapter 2, Section 243 of **The National Health Service (NHS) Act 2006 (the Act).**

The Commission continued to meet these functions, which are detailed in the management commentary, section seven of this document.

Essentially the Commission carried out the following functions:

5.1 Set up, funded, staffed and performance managed all PPI Forums

The Commission recruited and inducted members of the public into the separate PPI Forums across England and put in place an innovative support system, which provided members with a dedicated support organisation, firmly in-line with Government policies on the non-profit sector and localism.

5.1.1 Forum support

Forum Support Organisations (FSOs) were not-for-profit organisations that were contracted through a competitive tendering process to provide staff support to PPI Forums. These organisations, independent of the NHS, used their knowledge, experience and existing contacts within local communities to support PPI Forums.

They were single organisations or consortia that played a vital role in helping to shape the future of health provision throughout England. They were managed on a geographical basis through nine regional centres.

Specifically FSOs supported two or more PPI Forums and:

- Helped the Commission by supporting the recruitment and training of PPI Forums
- Helped PPI Forums communicate with each other, the Commission and other external networks and organisations
- Arranged for information and guidance provided by the Commission to be available to the PPI Forums
- Helped PPI Forums to monitor NHS services
- Helped PPI Forums play an active role in health-related decision-making
- Provided administrative support to PPI Forums

The Commission continually assessed the performance of these support providers. At the last full assessment in 2005, 70% of FSOs were rated as 'good' or 'very good' by the members they supported. This resulted in the award of contracts in poorly performing areas to new providers with Forum Members fully involved in the process.

In 2006, a non-compulsory assessment by Forum Members of FSOs showed satisfaction levels of over 75%.

Where the Commission was not able to contract with an FSO, an In-House support system for PPI Forums was developed and implemented.

Additional support was provided to PPI Forums through the Commission's offices and staff including communications, training, PPI governance, networking events, and the award- winning Knowledge Management System (KMS). The KMS enabled Forums, FSOs, the Commission, members of the public and other stakeholders to report on their activities, share information and develop knowledge and best practice.

During the final reporting period as an aid to effective closure, Local Working Agreements were initiated as a means through which both FSOs and Forums could agree their work plan and support obligations throughout the transition period to operational closure on 31 March 2008.

5.1.2 Support networks and communications

During the period the Commission continued to provide literature and guidance to Local Authorities responsible for establishing the LINk system. The communications included the feedback from the seven regional Early Adopter Programmes (EAP's), the Commissions view of an effective PPI system and its legal advice surrounding the applicability of TUPE and the need for Local Authorities to obtain a local legal view.

As a final aid, local PPI reports posted to KMS by Forums concerning health related matters, were disseminated from the system and geographically analysed by forum identifying their respective LINk and then distributed to the relevant Local Authority.

5.1.3 PPI Forum funding

Overall, approximately 82% of the funds allocated to the Commission were allocated to directly support PPI Forums. The balance was used to provide the KMS (also used by PPI Forum members and Forum support), IT systems and infrastructure support, governance arrangements, back office support services, accommodation and general running expenses.

Expenses incurred by PPI Forum members whilst carrying out PPI Forum activities were reimbursed by the Commission.

Additional funding was made available to support those PPI Forums that had merged and needed support in developing themselves as effective organisations.

5.2 Appointing all members to PPI Forums

The Commission was responsible for recruiting and appointing PPI Forum members onto the Forums. Through many of its activities, the Commission actively raised awareness about the benefits of Forum membership, through generating news releases to the media, undertaking national campaigns, the upkeep of the CPPIH website and producing materials focussing on Forum achievement. Specifically, in July 2007, the Commission undertook an elective Forum Member membership renewal process for the period beyond 31 August 2007. The response was extremely positive which in conjunction with running a national recruitment campaign and a series of advertorial features in newspapers across the country resulted in overall Forum Membership being maintained at normal levels.

Interested parties were interviewed by the Commission and if they meet the criteria were offered a place on a PPI Forum. Prospective PPI Forum members were also Criminal Records Bureau (CRB) checked to help ensure the safe deployment of their powers to enter and inspect NHS premises.

New Forum members were given a welcome pack upon arrival and offered an induction course, ensuring they were given the background they needed to fulfil their role as a Forum member.

The Commission and FSOs, worked together to promote Forum and Forum Membership opportunities to the public, using key vehicles such as the media, promotional literature and the web.

The average number of PPI Forum members in place to 31 March 2008 was 3,977 with an average of 10 members per PPI Forum. During the period to 31 March 2008 the overall average time from the receipt of a membership application to confirmation of membership including CRB processing ran at 13.44 weeks.

5.3 Set the quality standards for, and issued guidance to PPI Forums

In order to improve the effectiveness of Forums, members needed to be clear about their role, responsibilities and boundaries. Having recruited, appointed and worked with over 13,000 Forum members during its five year lifespan, the Commission developed considerable skill and knowledge in this area and continually disseminated guidance and good practice to Forums on how to improve their work.

A code of conduct for PPI Forums was produced and shared with PPI Forums and the Commission developed seven ‘good practice guides’ covering a number of key areas.

The guides entitled; The Effective PPI Forum, Effective Meetings, Effective Chair, Diversity and Equality, Monitoring and Review Visits, Forums Engaging with their Communities and Working with the Media.

The good practice guide, ‘The Effective PPI Forum’ shared good practice and advice to PPI Forums on a number of areas including the Forum work plan, understanding differences, holding effective PPI Forum meetings, relationships with partner organisations and consensus decision-making. It also contains a PPI Forum ‘Self Assessment’ guide, enabling PPI Forums to review the effectiveness of their work and agree areas for improvement.

The Commission's Standards of Conduct policy encouraged PPI Forums to self-regulate, wherever possible but also provided a range of review and appeal processes where self-regulation was not successful.

Inductions and training were rolled out to PPI Forums across the country, with courses including monitoring and visits, media awareness, meeting and chairing skills and equality and diversity amongst others.

5.4 Submits reports to the Secretary of State for Health on how the whole system of PPI is working and advises them about it

The Commission continually submitted regular reports to the DH on the progress of Forums and the PPI system, these included the Forum Annual Report National Summary and 'PPI Champions – celebrating 3 years of PPI Forum work' report.

The Commission provided evidence to the Health Select Committee reviewing the benefits of PPI and the impact of LINks.

The Board of Commissioners articulated a set of six key principles in November 2004 and these remain, in the view of the Board, critical to any successful system of public involvement.

The Commissioners believed that any PPI system should:

- **Ensure that the independent voice of patients and the public is heard at all levels where decisions are made**
  To have public support, a system of PPI must not depend on existing and established interests in health. It must also operate wherever relevant decisions are made, locally, regionally and nationally.

- **Aspire to involve the public in all its diversity, especially those not normally engaged**
  We know that some groups in society are too often excluded from decision-making. A system of PPI needs both to encourage them into Forum membership, and be able to find new and imaginative ways of ensuring that their voice on health issues can be heard.

- **Work in partnership with the NHS and other stakeholders to produce continuous improvements in how services are delivered and in public health**
  A system of PPI needs to change health decision-making so that patients and the public become equal partners with the many different health service providers, regulators and stakeholders. Clear arrangements for joint working and proper support for Forums will be necessary if this is to be achieved.

- **Be cost effective and clearly add value to health improvement**
  A worthwhile system of PPI will always mean spending significant amounts of public money. That money should be spent wisely, and it should be clear how the system is contributing to improving health and health services.

- **Recognise that the patient and public experience is not defined by organisational boundaries**
  We know that many decisions about our health are taken both outside the NHS and outside geographic boundaries. A patient's experience of being treated for a condition, may often mean moving between a variety of settings in the NHS, as well as receiving services from elsewhere, for example a local council's social services department. It is important for patients that there is co-ordination between all these different services. This means that the remit of a good system of PPI must extend across and beyond the NHS, and be able to bring together those with common concerns in different parts of the country.

- **Operate effectively within the wider 'active citizenship' agenda**
  Health is only one area where more public involvement can improve people's lives. A system of PPI will be strengthened by building LINks with other involvement initiatives locally and nationally, and by sharing learning, resources and ideas.

5.5 Carried out national reviews of services from the patient's perspective – collating data from PPI Forums and making recommendations to the Secretary of State and to other bodies and persons it considered appropriate

The Commission reviewed Forums' annual reports for each year and drew out major themes and areas of good practice. The findings were drawn together in a national summary, which was published and shared with stakeholders, such as MPs, PPI Leads and PPI Forums across England.

Major themes identified in the most recent PPI Forum national summary included:

- Monitoring and reviewing NHS services,
- Other activities related to the NHS,
- Activities related to non-NHS services,
- Working with their NHS Trust,
- Working in partnership,
- Community involvement,
- Training/development,
- Recruitment,
- Promotion of Forums.

6 THE COMMISSION'S INTERNAL OPERATIONS

The Commission initially operated through a National Centre based in Birmingham and nine Regional centres aligned with regional government centres. From the 2006-07 financial year onwards the Commission, through its business plan, was required by the Chief Nursing Officer to minimise closure costs wherever possible. In order to meet this requirement leased premises with long term break clause dates were marketed. As a consequence of this action the North East, North West, South West and South East regional centres were assigned to other parties. Commission staff affected by the closure of these regional offices, were relocated, in the intervening period to operational closure, into short term serviced accommodation. Additionally it operated a central call centre for telephone and email contact particularly with Forum members.

In this the final reporting period of the Commission it has continued to operate in difficult circumstances in preparing for the planned abolition of the Commission itself, against a great deal of uncertainty about the future arrangements for PPI and the legislative timetable. A programme of staff and cost reductions was applied at the start of the 2006-07 financial year to meet a further reduction in budget to £28 million for that financial year. The restructuring applied enabled the Commission to continue to contain costs within its reduced financial threshold of £27.3 million in the reporting period.

In spite of these difficulties the Commission continued with the efficient operation of its own internal services and several key highlights of these are noted here.

6.1 Finance

The Finance function processed all of the payment and accounts of the Commission's operation and in addition processed expenses claims made by Forum members when they undertook forum activities. This involved a large number of transactions and the finance function continued to operate in a highly effective manner.

In the last review of back office functions the operating costs of the Finance function compared favourably with Health Arms Length Bodies (ALB) sector benchmarks. Internal audit reports continued to provide a level of assurance that was at or above similar continuing organisations in the sector.

The financial operations of the Commission as a whole remained within budget. In meeting its overall budget levels the Commission also set aside sufficient funds to cover the longer term provisioning liabilities resulting from the decision to abolish the Commission.

6.2 Communications

The Commission's Communication function publicised Forum achievements to the media and relevant stakeholders. During the reporting period media coverage increased significantly with regular coverage in regional media and features in national media.

Regular monthly newsletters were distributed to FSOs and Forum members in a wide variety of languages and formats in direct response to the needs of individual Forum members.

6.3 Human resources

In the context of the Commission moving towards its abolition with a requirement to deliver its legal responsibilities, the Commission required skilled and experienced staff in order to deliver its responsibilities and the Human Resources function was active in a number of areas during the final reporting period.

It supported the retention and motivation of staff in continuing operations with staff training and development where this contributed to achieving the Commission's objectives and building capacity in PPI related skills.

In addition the function assisted with the planning process and timetabling of the redundancy processes that reflected existing employment law requirements associated with the closure of an organization.

The function continued to play a pivotal role in supporting and maintaining the motivation of staff and this support included the procurement of suitable outplacement arrangements to enable that those staff who were to be made redundant secured suitable alternative employment wherever possible.

6.4 Information Technology & Knowledge management

The IT and Knowledge Management functions continued to support the use of information technology by Commission staff, FSO staff and individual Forum members – approximately 5,500 people across nearly 700 organisations with the capacity for extensive use by the general public.

IT system availability for the network was 99.99% (2006-07 99.4%), web-based systems was 99.12% (2006-07 99.2%) both broadly in line with previous financial years. The network based system was decommissioned in the week commencing 24 March 2008 to allow for the effective termination of IT support and connectivity contracts.

In addition, during the period a suitable IT infrastructure to support the work of the closure team was installed following the decommissioning of the existing Commission IT infrastructure with the aim of minimising IT support costs beyond 31 March 2008.

7 MANAGEMENT COMMENTARY

7.1 An Overview of the Commission

The statement of account reports the results of the Commission for the fifteen month period April 2007 to 30 June 2008. It has been prepared in accordance with the Accounts Direction given by the Secretary of State for the Department of Health, with the consent of the Treasury in accordance with Part 14 Section 233 (5) – (8) of **The Local Government and Patient and Public Involvement in Health Act 2007** which enabled the Secretary of State to set the final reporting period of the Commission.

The Commission was established on 1 January 2003 as a body corporate by authority of the Act. The Act established the Commission as an independent body to promote and support greater and more effective involvement of patients and the public in England in matters affecting their health.

The Commission had the status of an Executive Non-Departmental Public Body established by statute. It was financed by Grant-in-aid through the Department of Health Request for Resources Main Estimate 1, Subhead H3 for revenue and capital. The Secretary of State for the Department of Health is answerable to Parliament for the Commission and is responsible for making financial provision to meet its needs.

The Act provided that the Commission should have a Chair appointed by the Secretary of State for Health or by a Special Health Authority as directed by them, and up to 10 other Members. The Act provided that the Commission should employ a Chief Executive and other staff. The Commission had a national office in Birmingham, five regional centres and four serviced accommodation offices at the point of operational closure, mirroring the areas covered by the offices of regional government.

On 22 July 2004, the Secretary of State for Health announced in a written statement to the House of Commons, that the Government intended to abolish the Commission following a review of the Department of Health's Arms Length Bodies. In making this announcement, the Secretary of State affirmed a continuing commitment to Patients' Forums, indicating that Forums will continue to be supported under arrangements to be determined. A Ministerial announcement on 15 March 2005 provided a more detailed plan for the timing of this event and the future arrangements for the support of Patients' Forums. The Commission commenced work to co-ordinate its activities within the provisional abolition timetable. Initially it was indicated that the Commission was likely to cease its operations in the autumn of 2006. This was set out in the Queen's speech on 17 May 2005 which included the Health Improvement and Protection Bill, which was proposed as the primary legislation under which the Commission would be abolished. However, a Ministerial announcement in the summer of 2005 indicated a delay in the abolition of the Commission until the summer of 2007.

The reason given by the Minister for postponing the Commission's abolition was to allow sufficient time for a strategic review of PPI. This review was to forward any high level recommendations that needed to be fed into the White Paper "Our Health, Our Care, Our Say" which was published in January 2006.

The Queen's speech on 15 November 2006 included provision for a Local Government Bill which latterly became titled Local Government and Public Involvement in Health Bill, which included the abolition of the Commission. Following on from this the Department of Health, with Ministerial approval, asked the Commission to defer operational closure to 2008 ensuring that the legislative process has been concluded and that the procurement of LINk contracts through Local Authorities had been started prior to the Commissions abolition. This action was seen as a key strategy in ensuring that there were no gaps in the delivery of PPI through the transitional period of migrating from the old system to the new PPI framework.

The Local Government and Patient and Public Involvement Bill received Royal Assent in October 2007, which set operational closure of the Commission for 31 March 2008 followed by a short winding up period of the organisation to be concluded by 30 June 2008.

The Commission carried out the statutory functions set out in Part 12, Section 243 of **The National Health Service (NHS) Act 2006 (the Act)**. Activities carried out in line with these functions are described in more detail in Section Five:

a) advising the Secretary of State, and such bodies as may be prescribed, about arrangements for public involvement in, and consultation on, matters relating to the health service in England;

b) advising the Secretary of State and such bodies as may be prescribed, about arrangements for the provision in England of independent advocacy services;

c) representing to the Secretary of State and such bodies as may be prescribed, and advising him and them on the views, with the regard to the arrangements referred to in (a) and (b) above, of Patients' Forums and those voluntary organisations and other bodies appearing to the Commission to represent the interests of patients of the health service in England and their carers;

d) providing staff to Patients' Forums established for Primary Care Trusts, and advice and assistance to Patients' Forums and facilitating the co-ordination of their activities;

e) advising and assisting providers of independent advocacy services in England (note: this function is currently carried out directly by the Department of Health);

f) setting quality standards relating to any aspect of the way Patients' Forums exercise their functions, and the services provided by independent advocacy services in England, monitoring how successfully they meet those standards, and making recommendations to them about how to improve their performance against those standards;

g) promoting the involvement of members of the public in England in consultations or processes leading (or potentially leading) to decisions by health service bodies, other public bodies, and others providing services to the public or a section of the public, or the formulation of policies by them, which would or might affect (whether directly or not) the health of those members of the public;

h) reviewing the annual reports of Patients' Forums made under section 240 of the Act, and making, to the Secretary of State or to such other persons or bodies as the Commission thinks fit, such reports or recommendations as the Commission thinks fit concerning any matters arising from those annual reports;

i) such other functions in relation to England as may be prescribed;

j) if the Commission becomes aware in the course of exercising its functions of any matter connected with the health service in England which in its opinion gives rise to concerns about the safety or welfare of patients, and is not satisfied that the matter is being dealt with, or about the way it is being dealt with, the Commission must report the matter to whichever person or body it considers most appropriate (or, if it considers it appropriate to do so, to more than one person or body).

7.2 Corporate Governance

A **Code of Practice for Board Members** was issued to Commission Members on appointment. It included a register of Members' interests which was available for inspection at the Commission by arrangement.

Commission Members met as a Board on a bi-monthly basis to review and decide upon the Commission's policy, management, operational structure, performance and risk management. Elements of the Board's work were delegated to Committees to consider the detail of process arrangements and report their findings and recommendations to the Board as appropriate.

During the 2004-05 financial year the Board, in response to the announcement of the Arms Length Body review findings, amalgamated the work of the Corporate Services, Strategy and Corporate Governance Committees into a single Transition Committee. In order to reflect the extended abolition timetable and to incorporate the reconfiguration and closure obligations placed upon the Board the Transition Committee was replaced with a Change Management Committee in October 2005. The Change Management Committee was chaired by Sharon Grant and its members included all the other serving Commissioners. The Audit Committee, chaired by Ian Hayes, including Barrie Taylor as a member, monitored all audit activity and the Commission's process for assessing and managing risk. A Remuneration Committee chaired by Sharon Grant and including Arnold Simanowitz and Barrie Taylor considered all matters pertaining to Executive and staff terms and conditions in addition to more general Human Resource related issues.

All Commissioners underwent performance review by the Chair during 2005-06, and were re-appointed for a further two years from 1 January 2006. The Chair underwent performance review by the NHS Appointments Commission, and was herself re-appointed for a further 2 year period, or until the abolition of the Commission. Commissioner appointments were in place to 30 June 2008 in order to maintain suitable governance arrangement and align tenure through to organisational abolition.

One Commissioner resigned during the reporting period prior to organisational closure, and with an embargo of new appointments the Board comprised four Commissioners and the Chair from 1 September 2007. This constrained the involvement of the Commissioners in steering the organisation.

7.3 Employment Policies

The employment policies of the Commission sought to create an environment in which all employees could give of their best, and could contribute to the Commission's and to their own success**.**

Diversity

The Commission was committed to equality of opportunity for all employees and potential employees.

In accordance with the Code of Practice on the Duty to Promote Race Equality published by the Commission for Racial Equality, the Commission continued to develop processes in the reporting period to monitor compliance of its employment duty. In addition to monitoring quantitative data – which was unlikely to provide significant information given the Commission's staff numbers and their distribution across a range of roles – the Commission closely observed recruitment, training, job satisfaction and staff turnover. Data and analysis was reported and if areas of concern were identified, the Commission sought to address them expeditiously.

Staff Involvement and Development

The Commission was committed to keeping its staff informed of performance, development and progress. The Commission encouraged staff involvement and, in the period ending 31 March 2008, staff contributed to the Commission's development through their involvement in working groups and project teams. In addition, the Commission continued to operate an Employee Forum as a staff consultative body.

Disabled Employees

The Commission gave full and fair consideration to applications for employment from people with disabilities, having regard to the nature of the employment. The Commission similarly sought to enable members of staff who may have become disabled, during their career with the Commission to continue with their employment.

Part 3 of the Disability Discrimination Act came into effect on 1 October 2004. In response to this, the Commission carried out external and internal checks to ensure that each of its buildings had safe access and egress for all staff, visitors and contractors with specific needs.

7.4 Internal and External Audit

The Commission appointed Bentley Jennison to provide internal audit services upto the period ended 31 March 2008. External audit was provided by the Comptroller and Auditor General under Part 14, Section 233 (5) – (8) of the Act which required the Comptroller and Auditor General to examine, certify and report on the statement of accounts, and to lay copies of it together with his report before each House of Parliament. During the period ended 30 June 2008 the remuneration of the external auditors was £55k, all of which related to the provision of audit services.

7.5 Environmental Policies

Whilst a formal environmental policy was not developed within the Commission all steps were taken to facilitate the recycling of suitable materials. In addition any IT equipment disposed of during the reporting period was done with full recognition of the DTI directive on Waste Electrical and Electronic Equipment (WEEE).

7.6 Disclosure of Information to Auditors

As at the balance sheet date, each of the persons who were serving directors as detailed in the Remuneration Report, and following this date the Department of Health's accounting officer, confirms that:

a) so far as each director is aware, there is no relevant audit information of which the Commission's auditors are unaware, and;

b) that each has taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Commission's auditors are aware of that information.

7.7 Development and Performance of the Commission in the Reporting Period

Results for the Period

In accordance with the Act, the Commission's Statement of Accounts covers the period ending 30 June 2008. The Commission's Statement of Accounts is prepared on an accruals basis in accordance with the Accounts Direction issued to the Commission by the Secretary of State with the consent of the Treasury. The Accounts Direction issued to the Commission is the model Accounts Direction published by the Treasury in accordance with the **Financial Reporting Manual (FReM)**.

The accounts for the period ending 30 June 2008 are set out in pages 44 to 47. The Notes on pages 48 to 65 form part of the accounts.

The Commission's Operating Expenditure in the fifteen month period of account was £29.424m compared with £28.263m in 2006-07. The comparative increase in Gross Operating Expenditure year on year principally reflects the costs associated with the disposal of Fixed Assets as a consequence of discontinuing operations. Net Operating Costs of £26.714m, including significant further provisioning costs, were broadly similar to the £26.883m incurred in 2006-07.

The table below details the level of expenditure associated with the closure of the organisation during the period April to June 2008. The costs are cross referenced to the relevant Notes to the Accounts and should be deducted prior to any year on year comparatives being made.

Detail of Cost	Note	£'000
Employment Costs – Permanent Staff		
Salaries and Wages	4	297
Social Security Costs	4	33
Pension Costs	4	18
Accommodation Costs	5	70
IT Decommissioning Costs & Computer Rental	5	183
General Administrative Expenses	5	30
Total		**631**

7.8 Key Operational and Financial Highlights

The year ending 31 March 2008 was the fourth full operational year for the Commission's Forums. During the final operating period the Commission had to draw up planning assumptions based on another revised closure date in response to the passage of the Local Government and Public Involvement in Health Bill through Parliament to Royal Assent. Initially a closure date of June 2007 was postponed until December 2007; in March 2007 this date was deferred until March 2008. Revised business plans and resource requirements were drawn up and agreed with DH in April/May 2007. During the period the Commission continued to work in collaboration with the Department of Health to draw up a transition plan designed to ensure that the development of Forum related work could continue to progress and that an Early Adopter Programme could begin to assess the requirement for the new LINk arrangements. It was the intension for this transition work to provide a legacy of good practice, underpinning the manner in which Forums may continue to operate through any future support arrangements put in place.

At 30 June 2008 the Commission had a cash balance of £2.941m, creditors of £0.039m and provisions of £0.831m. Net Assets of £2.182m remaining on the Balance Sheet at 30 June 2008 effectively reflect the uncommitted cash balances remaining in the Commissions bank account, which will transfer to DH.

The surplus funds to be transferred to DH have arisen as a direct consequence of the Commission managing its funds effectively throughout the extended period of abolition. Savings have been generated in five key operational and functional budget headings. FSO and In House Service Provider contract reconciliations identified £0.9m of surplus funds, whilst the reduction in operational capacity over the final period resulted in an under spend of £0.5m over all operational budget headings. Through the early assignment and release of leased premises savings of £0.4m was accumulated via the release of excess unexpired lease provisions, dilapidations and deferred income. Savings in other functional budgets, principally Information and Technology and Staffing accrued a further £0.4m of savings during the final period of account.

During the period the following provisions were established:

- £0.151m Dilapidation Charges;
- £0.492m Early Retirement Capital Costs.

During the period of organisational closure the level of provisions finally discharged was as follows:

- £0.127m Unexpired Lease Payments;
- £0.183m Dilapidation Charges.

In planning and managing its financial resources, the principal risks and uncertainties the Commission faced concerned the costs of implementing any business strategy agreed with the Department of Health in responding to the revision of operational abolition dates and the future developments of PPI through the proposed Local Involvement Networks (LINks). The Statement on Internal Control on pages 36 to 40 describes how these risks and uncertainties were managed.

The Commission aimed to follow the principles of the Better Payment Practice Code. The Commission aimed to pay suppliers in accordance with the standard payment terms (within 30 days of invoice date) or with suppliers' standard terms, (if specific terms have not been negotiated), provided that the relevant invoice was properly presented and was not subject to dispute.

	£'000	**Number**
Total invoices paid in period	21,597	9,193
Total invoices paid within target	18,625	7,549
Percentage of invoices paid within target	86%	82%

The following statistics provide a year on year comparative settlement period analysis. By value, payment performance for the year increased to 86% (2006-07 85%); whilst by number it has risen to 82% (2006-07 79%). No payment statistics for the period April to June 2008 were recorded.

No interest was paid in respect of the Late Payment of Commercial Debts (Interest) Act 1998.

7.9 The Main Trends and Factors Underlying the Development, Performance and Position of the Commission during the final reporting period.

The operational activities of the Commission during the final period of account have been highlighted in Sections 4, 5 and 6 of the Annual Report. The following paragraphs and bullet points summarise the core operational areas and resource availability that have geared the financial performance of the Commission during the final reporting period:

7.9.1 Direct Forum Related Operational Activity

Forum member numbers

At a summary level the number of PPI Forum members remained at or around 4,000 throughout the final operational period. Direct expenditure on maintaining Forum membership numbers, providing Forum Support either through third party contracts or the Commission's In House Service Provider (IHSP), training Forum members and funding Forum member activity accounted for 62% of all Commission expenditure in the final reporting period.

Forum Support Organisation Contracts

Forum Support contracts with voluntary organisations and the Commissions IHSP accounted for 93% of direct PPI costs in the final reporting period. As the key cost driver of the Commission, it was essential that value for money was obtained from these support contracts.

Following a further postponement of the provisional abolition date of 30 June 2007, FSO contracts were negotiated for a further nine months from July 2007 to March 2008, the final operational closure date. In overall financial terms these contracts for forum support were let with an inflationary uplift of 3% for the extended period.

In addition, under the terms of the contracts any unspent balances held by Forum Support Organisations (FSOs) at the end of any contractual period were to be refunded to the Commission. A financial reconciliation process was applied at the end of the March 2008, being the expiry date of the final FSO contracts. As a result of this reconciliation process £0.575m of funds were returned and were used as a contribution to either the running costs of closing the organisation or as a further contribution to any longer term liability and provisioning costs.

Forum Member Training and Best Practise Guides

Forum member training courses were run throughout the financial year. The objectives of these courses are designed to facilitate an increase in the effectiveness of Forum members in carrying out their duties.

Criminal Record Bureau (CRB) Checks

CRB checks are routinely undertaken during the Forum member recruitment and appointment process.

7.9.2 Financial Achievements

The following bullet points outline the key financial management tasks successfully completed during the final period of account:

a. Financial plans designed to absorb a base budget reduction from £28.000m

b. (2006-07) to £27.300m, the initial grant-in-aid budget allocation, were successfully implemented, delivering the required savings whilst preserving operational budgets;

c. Reduced Commission running cost expenditure most notably in IT support costs and the mitigation of longer term provisioning costs through the early surrender of leased premises;

d. Successfully negotiated the award of FSO Contracts for the period 1 July to 31 March 2008 within an affordable price envelope;

e. Recovered surplus FSO funding at the conclusion of a reconciliation process between the Commission and FSOs;

f. Ensured that the Commission's structures and processes aligned recurring costs within a Grant in Aid figure of £27.3m awarded to the Commission by the Department of Health for operational and closure requirements in 2007-08;

g. Through robust financial management has met the Arms Length Body requirement to meet all longer term provisioning obligations without recourse to additional central Department of Health funding. As at the balance sheet date all known provisions for the Commission covering early retirements, unexpired leases and premises dilapidation costs have been financed from the retained Income and Expenditure Reserve and fully discharged.

7.9.3 The Commission's Operational and Financial Position at the end of the period

The following bullet points set out the operational and financial factors relevant for the Commission at the Balance Sheet date which will affect the Commission going forward:

Operational

a) A defined abolition date following primary legislation being enacted, results in there being no further planning or business assumptions applying beyond the operational closure date of March 2008, with organisational closure following by June 2008;

b) A Commission Closure Project was initiated in the final period of account running in parallel with the operational activities of the Commission to assist with delivering the Chief Nursing Officer's four strategic objectives through to abolition. The initial work of the project was to define the plan for the operational deliverables during the pre operational cessation period and the timetable and tasks for closure during the post-operational cessation period. The processes deployed up until abolition were done in an effective and efficient manner ensuring that resources were used appropriately during the transitional period in which the Commission continued to deliver its responsibilities to its PPI Forum members and fulfilled its statutory functions in addition to planning for its eventual abolition.

Financial

a) All operational and closure costs were aligned within a £27.3m Grant in Aid base budget ;

b) The full year impact of the enhanced IHSP and its financial management were met and managed;

c) Premises Dilapidation and Unexpired Lease provisions were fully financed;

d) All future Early Retirements provisions as a consequence of redundancy associated with an abolition date of March 2008 have been assessed and have either been discharged or fully provided for.

These factors are explained in greater detail in section 7.10 of the Management Commentary.

7.10 The main trends and factors that are likely to affect the Commission's future development, performance and position

Following Royal Assent for the Local Government and Public Involvement in Health Bill in October 2007 outlining the operational abolition of the Commission as of 31 March 2008 there is nothing further to add to this reporting requirement.

8 REMUNERATION REPORT

The aspects of the Remuneration Report which are subject to audit include, details of the Remuneration Committee, the remuneration and terms and conditions of employment for senior managers, termination payments and payments to third parties for services of a senior manager.

In the final fifteen month period of account the remuneration and emoluments of Commission members were in the following bands:

	Remuneration £'000 1 April to 31 March 12 Months	**Remuneration £'000 1 April to 30 June 2008 3 Months**
Sharon Grant (Chair)	25-30	5-10
David Crepaz-Keay (Resigned 31.08.2007)	0-5	0
Ian Hayes	10-15	0-5
Perminder Paul	5-10	0-5
Arnold Simanowitz	5-10	0-5
Barrie Taylor	5-10	0-5

Commission Members were appointed to the 30 June 2008, being the organisational closure date of the Commission and with the exception of the Chair and the Chair of the Audit Committee, were remunerated at the same rate. Commission Members' remuneration and terms of appointment was set by the Secretary of State for Health. Commission Members' remuneration was not pensionable.

As part of the good governance arrangements of the Commission a Remuneration Committee, chaired by Sharon Grant including Arnold Simanowitz and Barrie Taylor considered all matters pertaining to Executive and staff terms and conditions in addition to more general Human Resource -related issues.

The pay of the Executive Team members was reviewed by the Commission's Remuneration Committee on an annual basis. Increases in pay were usually awarded in accordance with the general inflationary uplift for all Commission staff within a defined pay scale. All Executive Team members in post until 31 March 2008 held permanent contracts of employment, which did not include any provisions for performance related pay and had notice periods of six months in writing for both parties. In the period April to June 2008, the contract of the Chief Executive Steven Lowden remained unaltered, whilst a new contract was issued to the Finance Director Kevin Pegg which included a performance related pay clause. During the final fifteen month period of account there were no payments made to third parties for the services of a senior manager. As a result of all the Executive Team directors being made redundant in the period the liability was restricted to statutory redundancy pay with the notice period being worked.

Pension benefits to senior staff were provided through the NHS Pension Scheme. Scheme members contributed six per cent of salary to their pension. Commission Members' remuneration is not pensionable.

The NHS Pension Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th of the best of the last three years pensionable pay for each year of service. A lump sum normally equivalent to three years pension is payable on retirement. 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. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

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 pensionable pay for death in service, and up to five times their annual pension for death after retirement is payable.

The Scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies. Under the arrangement the employee can make contributions to enhance their pension benefits. The benefits payable relate directly to the value of the investments made.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. For early retirements not funded by the scheme, the full amount of the liability for the additional costs is charged to the Income and Expenditure Account at the time the Commission commits itself to the retirement, regardless of the method of payment.

Staff can opt to open a partnership pension account – a stakeholder pension with an employer contribution. In the final fifteen month period of account, no contributions were paid or were payable to stakeholder pension providers.

In the final fifteen month period of account the remuneration and emoluments of the Commission's Executive Team, fell into two discrete timeframes. One was to the operational closure date of the Commission being the 31 March 2008 and the second being the organisational closure date of 30 June 2008. Accordingly the remuneration and emoluments of the Executive Team have been separately identified and were in the following bands:

Salaries		Remuneration £'000 1 April to 31 March 12 Months	Remuneration £'000 1 April to 30 June 2008 3 Months	Performance Pay £'000
David Orchard	**2007-08**	**100-105**	**-**	**-**
	2006-07	95-100	**-**	**-**
Leslie Forsyth	**2007-08**	**100-105**	**-**	**-**
	2006-07	95-100	**-**	**-**
Steven Lowden Acting Chief Executive	**2007-30.06.08**	**120-125**	**35-40**	-
	2006-07	115-120	-	-
Kevin Pegg	**2007-30.06.08**	**95-100**	**25-30**	**20-25**
	2006-07	90-95		

Pension		Total Accrued Pension £'000 [Lump Sum]	Real Increase in Pension £'000 [Lump Sum]	CETV at 30 June 2008 £'000	CETV at 31 March 2007 £'000	Employer Funded Contribution to Real Increase in CETV £'000
David Orchard	**2007-08**	**5-10 [15-20]**	**0-2.5 [2.5-5]**	**97**	**72**	**16**
Leslie Forsyth	**2007-08**	**15-20 [45-50]**	**0-2.5 [2.5-5]**	**231**	**197**	**20**
Steven Lowden Acting Chief Executive	**2007-30.06.08**	**30-35 [90-95]**	**2.5-5 [10-12.5]**	**511**	**417**	**58**
Kevin Pegg	**2007-30.06.08**	**5-10 [15-20]**	**0-2.5 [5-7.5]**	**92**	**58**	**22**

With the exception of Kevin Pegg, none of the Executive Team Members listed in the table above received bonuses, other allowances, compensation for loss of office or any other benefits in kind. The payment to Kevin Pegg was a contractual performance payment equivalent to three months pay in recognition of closing the organisation effectively by 30 June 2008.

Signed

David Nicholson
DH Accounting Officer
10 July 2008

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

The Accounting Officer for the Department of Health had previously appointed the Chief Executive as Accounting Officer of the Commission for Patient and Public Involvement in Health to oversee the preparation of the final set of accounts on his behalf. The DH Accounting Officer obtained sufficient assurances from the Commissions Accounting Officer to enable the signing of the final Report and Accounts for the period 1 April 2007 to 30 June 2008 and lay them before Parliament.

Under Part 14, Section 233 (5) – (8) of the Local Government and Patient and Public Involvement in Health Act 2007, the Secretary of State had directed the Commission to prepare a statement for the final fifteen month period of accounts in the form and on the basis directed by the Secretary of State, with the approval of HM Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commission at the end of its final fifteen month accounting period of its net operating cost, recognised gains and losses and cash flows for the period.

In preparing the accounts, the Accounting Officer was required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- **observe the accounts direction issued by the Secretary of State, with the approval of HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;**

- **make judgments and estimates on a reasonable basis;**

- **state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;**

- **prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Commission for Patient and Public Involvement in Health will continue in operation; and**

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, and for the keeping of proper records and for safeguarding the Commission for Patient and Public Involvement in Health assets, are set out in the **Accounting Officers' Memorandum** issued by the Treasury and published in **Managing Public Money**.

STATEMENT ON INTERNAL CONTROL

As the DH Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Departments policies, aims and objectives, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in **Managing Public Money**.

I am accountable to Parliament through the Secretary of State for Health as the Accounting Officer of the Department of Health. This report and financial statements relate to the final period of the former Commission for Patient and Public Involvement in Health (CPPIH) organisational operation which was overseen by the former CPPIH Accounting Officer who was accountable to me as the DH Accounting Officer. In approving this report and accounts I obtained sufficient assurances from him and relevant parties as to the adequacy of the internal controls in place throughout the period. The following statement is from the CPPIH Accounting Officer setting his statement on internal control.

Statement from the CPPIH Accounting Officer

During the final reporting period covering fifteen months the system of internal control applied within the Commission fell into two discrete timeframes and were particular to the operational circumstances prevailing during those periods.

The first period of twelve months related to a period during which the full application of the system of internal control was in place, this being 1 April 2007 to 31 March 2008, the period covered by the final period of operational activity for the Commission.

The second period of three months, being 1 April 2008 to 30 June 2008 was the period of organisational closure for the Commission during which a proportionate level of internal control was applied to manage the winding down of the organisation.

My report on each period is set out below.

1 April 2007 to 31 March 2008

The Commission's system of internal control was designed to manage rather than eliminate risk, and it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control was based upon an ongoing process designed to identify and prioritise risks to the achievement of the Commission's objective and goals, to evaluate the likelihood of these risks being realised, and their impact if they are realised, and to manage risks effectively, efficiently and economically.

The final period of account encompasses the fourth full operational year for the Commission. The Commission had continued developing its system of internal control in accordance with Treasury Guidance up to the operational abolition date of the Commission. Attention had been paid to developing the Commission's governance arrangements to ensure that 'best practice' arrangements were in place and were able to respond to the demands of the final full year of Forum activity.

The identification and management of risk had been aligned with the Commission's operational activities to ensure risk management was embedded in practice. Training had been provided to staff, risks were reviewed regularly and the risk management process was also reviewed regularly by the Commission's Board and Audit Committee.

The Commission's schedule of risks covered the areas of:

- Strategic Control;

    - Strategic direction during transition;
    - Continued service during transition.
    - Stakeholder communications;
    - Reputation management;
    - Risk management.

- Financial;

- Continuing Operations:

    - Contractual delivery;
    - Maintaining PPI Forum effectiveness;
    - Retention of appropriately skilled staff;
    - Resource availability and balance between statutory obligations and transitional costs.

Within each of the strategic headings for any risk identified appropriate counter measures were implemented which were designed to mitigate these risks.

These risks were reviewed by the Board and Senior Management periodically during this period. During the 2005-06 financial year the Board reviewed its strategic approach to managing risk. The review was initiated in the recognition that the Commission would increasingly move from a continuing operation to a project based organisation delivering key work streams within the Department's transition plan. This approach to risk management was maintained during the period 1 April 2007 to 31 March 2008.

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

As the Accounting Officer, I also had responsibility for reviewing the effectiveness of the system of internal control. The effectiveness of the system of internal control was maintained, in this period and my review of its effectiveness was informed by:

- regular meetings with the Department of Health whose functions include: providing financial resources to enable the Commission and Patients' Forums to meet their statutory responsibilities; supporting the Commission's development and effective, efficient and economical operation; and establishing a framework for the Commission's accountability and review on behalf of the Secretary of State;

- meetings of the Board and Board Committees to consider the strategic direction of the Commission and performance against the Commission's objective and goals;

- regular meetings of the Commission's Directors and Senior Managers to consider both strategic, operational and transition issues;

- the work of managers and staff within the Commission who have responsibility for supporting and operating within the internal control framework;

- the Audit Committee which monitors the operation of internal controls and oversees the work of internal and external audit;

- risk management arrangements under which key risks which could affect the achievement of the Commission's objective and goals are actively managed;

- the work of the external auditors;

- reports by internal audit, prepared in accordance with the **Government Internal Audit Standards**, which included an independent opinion on the adequacy and effectiveness of the Commission's internal controls together with recommendations for improvement, where necessary.

The Annual Report from the internal auditors Bentley Jennison gave the following audit opinion from the work undertaken during the financial year:

We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of Commission for Patient and Public Involvement in Health's risk management, control and governance processes. In our opinion, based upon the work we have undertaken, for the 12 months ended 31 March 2008 Commission for Patient and Public Involvement in Health has adequate and effective risk management, control and governance processes to manage the achievement of the organisation's objectives.

The Internal Auditors made the following statement regarding the factors that they took into consideration in reaching their opinion:

- The results of all internal audits undertaken during the year ended 31 March 2008;

- The results of follow-up action taken in respect of audits from previous years;

- Whether or not any fundamental or significant recommendations have not been

- accepted by management and the consequent risks;

- The affects of any material changes in the organisation's objectives or activities;
- Matters arising from previous reports to the Audit Committee and/or Board;
- Whether or not any limitations have been placed on the scope of internal audit;
- Whether there have been any resource constraints imposed upon us which may have
- impinged on our ability to meet the full internal audit needs of the organisation;
- What proportion of the organisation's internal audit needs have been covered to date.

In addition as an employer with staff entitled to membership of the NHS Pension Scheme control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with.

Both internal and external audits provided a service to the Commission by assisting with the continuous improvement of procedures and controls. Actions were agreed in response to recommendations made, and these were followed up to ensure they are implemented.

I have been advised on the result of my review of the effectiveness of the system of internal control for this period by the Audit Committee and the Board, and am able to report that there were no material weaknesses in the system of internal control which affected the achievement of the Commission's objective or goals in this period.

1 April 2008 to 30 June 2008

Strategic planning identified the proportionate corporate governance, risk management arrangements, and the system of internal control the Commission needed to have in place to meet the requirements of managing the Commission through the period to organisational closure. The Board of the Commission were responsible for any staffing issues formerly in the remit of the Remuneration Committee and oversaw the work of the Audit Committee who were responsible for reviewing the work and evidence to support the effective closure of the Commission.

In addition to the Commissioners, the Audit Committee was attended by representatives of the DH Accounting Officer, DH Sponsor, The Arms Length Body team and the NAO. An audit plan was not drawn up for this period and no internal auditors were engaged during the period 1 April to 30 June 2008.

Appropriate management controls and processes were applied when drawing up plans to close the organisation by June 2008. In doing so, due regard was given to the requirements of employment law in conducting individual staff consultations with the remaining staff, the issuing of contractual redundancy notices to align with organisational closure and the termination and recognition of all other contractual obligations.

In closing the Commission due regard was given to the transfer and destruction of equipment, electronic data and confidential information. All equipment was disposed of in accordance with the DTI Waste Electrical and Electronic Regulations (WEEE), whilst all personal or confidential data

held on IT disks was wiped with appropriate data destruction certificates being obtained. In addition any confidential hardcopy information was disposed of as confidential waste again evidenced by the issue of a notice of collection and destruction.

Signed

David Nicholson
DH Accounting Officer
10 July 2008

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

COMMISSION FOR PATIENT AND PUBLIC INVOLVEMENT IN HEALTH

I certify that I have audited the financial statements of the Commission for Patient and Public Involvement in Health for the fifteen months ended 30 June 2008 under the National Health Service Act 2006. These comprise the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

The Chief Executive of the National Health Service, as Accounting Officer with responsibility for the Department of Health Request for Resources 1, is responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Local Government and Patient and Public Involvement in Health Act 2007 and directions made thereunder by the Secretary of State with the approval of HM Treasury and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Health Service Act 2006 and directions made thereunder by the Secretary of State with the approval of HM Treasury. I report to you whether, in my opinion, the information, which comprises the management commentary, included in the Annual Report is consistent with the financial statements. I also report whether 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.

In addition, I report to you if the Commission for Patient and Public Involvement in Health has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal control reflects the Commission for Patient and Public Involvement in Health's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Commission for Patient and Public Involvement in Health's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Commission for Patient and Public Involvement in Health's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that 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. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the National Health Service Act 2006 and directions made thereunder by the Secretary of State with the approval of HM Treasury, of the state of the Commission for Patient and Public Involvement in Health's affairs as at 30 June 2008 and of its net operating cost, recognised gains and losses and cashflows for the fifteen months then ended;

- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Health Service Act 2006 and directions made thereunder by the Secretary of State with the approval of HM Treasury; and

- information, which comprises the management commentary, included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

- In my 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.

Report

I have no observations to make on these financial statements.

T J Burr
Comptroller and Auditor General

National Audit Office
151 Buckingham Palace Road
Victoria
London
SWIW 9SS

14 July 2008

FINANCIAL STATEMENTS

OPERATING COST STATEMENT*

For the 15 month period commencing 1 April 2007 and ending 30 June 2008

	Note	**01.04.07-30.06.08 £'000**	2006-07 £'000
Operating Costs			
Direct Patient and Public Involvement Costs	3	**12,437**	15,388
Employment Costs	4	**7,920**	5,898
Running Costs	5	**5,409**	4,800
Redundancy Payments		**177**	10
Early Retirements Capital Costs	5a	**583**	12
Provision for Early Retirements	11	**492**	–
Release of Unexpired Lease Provisions	11	**(156)**	–
Provision for Premises Dilapidations	11	**151**	381
Provision for Unexpired Premises Leases	11	**–**	394
Release of Premises Dilapidation Provision	11	**(121)**	–
Release of Excess Deferred Income	12	**(178)**	–
Total Net Operating Costs		**26,714**	26,883
Depreciation and Amortisation	6-7	**772**	1,203
NBV Loss on disposal of Fixed Assets	7	**1,925**	133
NBV of Transferred Fixed Assets	7	**13**	–
Loss on Impairment	7	**–**	44
Notional Cost of Capital	8	**4**	54
Capital and Notional Costs		**2,714**	1,434
Gross Operating Costs	14	**29,428**	28,317
Notional Cost of Capital Reversal	8	**(4)**	(54)
Gross Operating Costs to be funded by Grant-in-aid in the Income and Expenditure Reserve	13	**29,424**	28,263

There were no material acquisitions or disposals during the financial year and all the figures are from discontinuing operations.

*** Footnote:** Operating Costs include £0.631m of costs associated with the period of closure April to June 2008. The type and level of these closure costs are highlighted in paragraph 7.7 of the Management Commentary.

The Notes on pages 48 to 65 form part of these Accounts.

Statement of Recognised Gains and Losses for the Period Ended 30 June 2008

Net Unrealised Gain on Revaluation of Fixed Assets	13	**24**	12
		24	12

The Notes on pages 48 to 65 form part of these Accounts.

BALANCE SHEET

As at 30 June 2008

	Note	**30 June 2008 £'000**	31 March 2007 £'000
Fixed Assets			
Intangible Fixed Assets	6	**0**	821
Tangible Fixed Assets	7	**0**	1,891
		0	2,712
Current Assets			
Stock		**0**	2
Debtors and Prepayments	9	**111**	319
Cash at Bank and In Hand	15	**2,941**	3,954
		3,052	4,275
Creditors due within one year	10	**(39)**	(1,423)
Net Current Assets		**3,013**	2,852
Total Assets less Current Liabilities		**3,013**	5,564
Provisions for Liabilities & Charges	11	**(831)**	(775)
Deferred Income	12	**–**	(221)
Net Assets		**2,182**	4,568
Reserves			
Income and Expenditure Reserve	13	**2,182**	4,487
Revaluation Reserve	13	**–**	81
Total Government Funds		**2,182**	4,568

The Notes on pages 48 to 65 form part of these Accounts.

Signed

David Nicholson
DH Accounting Officer

10 July 2008

CASH FLOW STATEMENT

For the period ended 30 June 2008

	Note	**01.04.07-30.06.08 £'000**	2006-07 £'000
Net Cash Outflow from Operating Activities	14	**(28,053)**	(26,767)
Capital Expenditure			
Payment for the purchase of Fixed Assets		**–**	–
Receipt from the sale of Fixed Assets		**26**	11
Net Cash (Outflow)/Inflow before financing		**(28,027)**	(26,756)
Financing			
Grant-in-aid for Revenue Expenditure	13	**27,014**	27,500
Net Cash Outflow	15	**(1,013)**	744

The Notes on pages 48 to 65 form part of these Accounts.

NOTES TO THE ACCOUNTS

Note 1. ACCOUNTING POLICIES

Going Concern

The Secretary of State for Health announced on 22 July 2004 that the Commission for Patient and Public Involvement in Health was to be abolished. The Local Government and Patient and Public Involvement in Heath Bill received Royal assent in November 2007 confirming the Commission's abolition as the 30 June 2008. The Commission's statutory functions ceased as of 31 March 2008 with the remaining assets, liabilities and contractual obligations transferring to DH as of the Balance Sheet date. The Chief Executive and DH Accounting Officer therefore considers that it is in-appropriate to prepare the financial statements on the going concern basis, and these financial statements include any adjustments that resulted from the Commission's abolition.

Basis of Accounts

The statement of accounts set out on pages 44 to 47 together with the Notes on pages 48 to 65 have been prepared on an accruals basis in accordance with the Accounts Direction given by the Secretary of State with the consent of the Treasury in accordance with the Part 14, Section 233 (5) – (8) of the Act.

Accounting Conventions

The accounts meet:

- the accounting and disclosure requirements of the Companies Act 1985 to the extent that such requirements are appropriate to the Commission and are in line with the requirements of the Accounts Direction;
- standards issued by the Accounting Standards Board;
- disclosure and accounting requirements of HM Treasury;
- the requirements of the Accounts Direction and the Financial Memorandum issued to the Commission by the Secretary of State for the Department of Health.

Grant-in-aid Accounting Treatment From 2006-07

Grant-in-aid received for revenue expenditure previously credited to the Income and Expenditure Account in the year to which it related is now credited to the Income and Expenditure Reserve. Grant-in-aid for capital expenditure to finance general asset acquisitions previously credited to a Government Grant Reserve is also now credited to the Income and Expenditure Reserve.

Under the previous accounting treatment an amount equal to the depreciation and amortisation charge on fixed assets acquired through Grant-in-aid, and any deficit on their revaluation in excess of the revaluation held in the Revaluation Reserve, is released to the Income and Expenditure

Account. These charges now form part of the operating expenditure taken to the Income and Expenditure Reserve.

The impact of the change in the accounting treatment for Grant-in-aid has resulted in a change to the format of the Commissions financial statements. The Income and Expenditure Account has now been replaced with an Operating Cost Statement. Grant-in-aid drawn down to cover operating costs, previously credited to the Income and Expenditure Account, is now shown as a financing line within the Cash Flow Statement.

Furthermore, in order to aid the reader of the accounts DH have requested that Arms Length Bodies provide a reconciliation indicating how the organisation has performed financially in containing its Total Net Operating Costs within the Grant-in-aid received during the financial year.

Fixed Assets – Intangible

Intangible fixed assets comprise licences to use software developed by third parties and are capitalised where they are capable of being used for more than one year. Intangible fixed assets are valued at historical cost or revalued to market value where this is readily ascertainable.

Fixed Assets – Tangible

Assets are capitalised as fixed assets if they are intended for use on a continuing basis and their original purchase cost, on an individual or grouped basis, is £4,000 or more. Fixed Assets are valued at current replacement cost by using the **Price Index Numbers for Current Cost Accounting** published by the Office for National Statistics.

Labour costs relating to the configuration and connectivity of software applications have not been capitalised on the basis that they do not form part of any networked infrastructure asset.

Any upward revaluation is credited to the Revaluation Reserve. A deficit on revaluation is debited to the Income and Expenditure Account if the deficit exceeds the balance held for previous revaluations in the Revaluation Reserve.

Depreciation and Amortisation

Depreciation or amortisation is provided on all fixed assets on a straight-line basis to write off the cost or valuation evenly over the asset's anticipated life as follows:

IT hardware	four years
IT application developments	seven years
Software systems and licences	four years to seven years
Furniture and office equipment	up to ten years
Refurbishment costs	over the remaining term of the lease

The economic life of the KMS IT development has been set at seven years to align it with the term of the framework agreement under which past and future software development work has been or will be commissioned.

A full month of depreciation is charged to the Income and Expenditure account in the month of acquisition.

Forum Support Organisation Contract Costs

Costs are incurred in accordance with the payment schedules included in the contract agreed with each Forum Support Organisation (FSO). The expenditure against each contract will be reported in the accounts of the respective FSO. Assurances regarding their use of funds were sought from FSOs as part of the Commission's performance management procedures. Any surplus resulting from the application of this procedure, are returned to the Commission under the restricted funds terms of the contract.

Notional Charges

In accordance with the **Government Financial Reporting Manual** published by HM Treasury, a notional charge for the cost of capital employed in the period is included in the Income and Expenditure Account along with an equivalent reversing notional income to finance the charge. The charge for the period ending 30 June 2008 was calculated using the Treasury's discount rate of three and a half per cent applied to the mean value of capital employed during the period (unchanged from 2006-07). The value of capital employed excludes non-interest bearing cash balances held with the Office of the Paymaster General.

Pension Contributions

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.pensions.nhsbsa.nhs.uk. 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.

The Scheme is subject to a full actuarial valuation every four years (until 2004, based on a five year valuation cycle), and a FRS17 accounting valuation every year. An outline of these follows:

a) 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 to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date.

The conclusion from the 2004 valuation was that the Scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. However, after taking into account the

changes in the benefit and contribution structure effective from 1 April 2008, the Scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay. On advice from the Scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities. Up to 31 March 2008, the vast majority of employees paid contributions at the rate of 6% of pensionable pay. From 1 April 2008, employees contributions are on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

b) FRS17 Accounting valuation

In accordance with FRS17, a valuation of the Scheme liability is carried out annually by the Scheme Actuary as at the balance sheet date by updating the results of the full actuarial valuation.

Between the full actuarial valuations at a two-year midpoint, a full and detailed member data-set is provided to the Scheme Actuary. At this point the assumptions regarding the composition of the Scheme membership are updated to allow the Scheme liability to be valued.

The valuation of the Scheme liability as at 31 March 2008, is based on detailed membership data as at 31 March 2006 (the latest midpoint) updated to 31 March 2008 with summary global member and accounting data.

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) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

Scheme provisions as at 31 March 2008

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th of the best of the last 3 years pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. 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. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

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, less pension already paid, subject to a maximum amount equal to twice the member's final year's pensionable pay less their retirement lump sum for those who die 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 income and expenditure account at the time the Trust commits itself to the retirement, regardless of the method of payment.

The Scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies.

Under the arrangement the employee/member can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made.

Scheme provisions from 1 April 2008

From 1 April 2008 changes have been made to the NHS Pension Scheme contribution rates and benefits. Further details of these changes can be found on the NHS Pensions website www.pensions.nhsbsa.nhs.uk.

Provisions

Provisions have been established in accordance with ***FRS12 Provisions, Contingent Liabilities and Contingent Assets***. Provisions have been established in circumstances where a valid expectation exists between a third party at the balance sheet date and the Commission.

Operating Leases

Payments made under operating leases on Land and Buildings and Equipment were charged to expenditure on an accruals basis.

Value Added Tax

The Commission was not eligible to register for VAT and costs are shown inclusive of VAT where applicable.

Note 2. FINANCIAL TARGETS

The Commission had an annual financial target set by the Department of Health to remain within its Grant in Aid budget. Within this financial threshold the Commission was required to deliver a Business Plan and absorb any transitional costs in meeting DH Arms Length Body financial targets and closure costs. Within the reporting period the Commission were successful in meeting this requirement which is detailed in Section 7.7 of the Annual Report.

Note 3. DIRECT PATIENT AND PUBLIC INVOLVEMENT COSTS

	01.04.07-30.06.08 £'000	2006-07 £'000
Forum Support Organisation Contracts	**11,250**	13,848
Forum Member Equality & Diversity	**21**	45
Core Skills Training	**37**	149
Forum Member Events, Translation Services & Special Needs	**280**	481
Forum Member Expenses	**849**	865
Direct Costs Charged to Operating Cost Statement	**12,437**	15,388
Funds transferred to support In House Provision	**4,048**	1,824
Total	**16,485**	17,212

New FSO Contracts for the period 1 January 2007 to 30 June 2007, the provisional abolition time applying through the contractual negotiation period, were tendered for and awarded during September 2006. Following another amendment to the operational abolition date to 31 March 2008, these contracts were extended further to align Forum Support with this date.

In situations where contracts were not extended and no suitable alternate third party negotiations could be concluded Forum support was provided by an In House Service Provider. During the reporting period £4.048m (£1.824m for 2006-07) was set aside to fund the costs associated with providing support to PPI Forums through the In House Service Provider. Expenditure relating to Forum Support provided through the In House Service Provider is included in Notes 4 and 5 within the accounts.

A training programme covering a set of "Core Skills" for Forum members enabling them to carry out their role more effectively was maintained during the operational segment of the reporting period.

Forum member events included expenditure incurred from welcome day programmes that formed part of the Forum member induction process. Forum members' expenses were reimbursed according to the regulations provided in the 'Forum Member Expense Guidance Policy'.

In-House Service Provider

As indicated above in instances where contracts could not be negotiated with third parties, Forum support was provided through an In-House arrangement. In House Service Provision provided support for 99 PPI Forums throughout the reporting period.

For the purposes of financial reporting, costs relating to the In-House Service Provider have been recorded in Notes 4 and 5 of the accounts. This has been done to enable the reader of the accounts to differentiate between the core business of the Commission and permit a true and fair comparative with the past financial performance of the Commission. However the nature of this activity does not meet the criteria to disclose it fully under the provisions of SSAP25 Segmental Reporting.

Note 4. EMPLOYMENT COSTS

By Contract Type	Core Commission £'000	In House £'000	**01.04.07-30.06.08 £'000**	2006-07 £'000
Permanent Staff				
Salaries and Wages	**2,428**	**603**	**3,031**	2,651
Social Security Costs	**235**	**49**	**284**	247
Pension Costs	**276**	**57**	**333**	310
	2,939	**709**	**3,648**	3,208
Fixed Term Contracts				
Salaries and Wages	**1,579**	**1,749**	**3,328**	2,046
Social Security Costs	**151**	**147**	**298**	187
Pension Costs	**77**	**133**	**210**	127
	1,807	**2,029**	**3,836**	2,360
Secondments and Interim Staff	**351**	**85**	**436**	330

Total Employment Costs	Core Commission £'000	In House £'000	**01.04.07-30.06.08 £'000**	2006-07 £'000
Salaries and Wages	**4,007**	**2,352**	**6,359**	4,697
Social Security Costs	**386**	**196**	**582**	434
Pension Costs	**353**	**190**	**543**	437
Secondments and Interim Staff	**351**	**85**	**436**	330
Total	**5,097**	**2,823**	**7,920**	5,898

Average Number of Staff Employed

To the period ending 31 March 2008 the Commission employed 150.5 whole time equivalent members of staff of which 84.5 whole time equivalent were staff engaged in the non-continuing operations of the Commission and 66 whole time equivalent staff engaged with providing Forum support through the In House Forum Support Provider. With the exception of a small closure team these members of staff were made redundant as of 1 April 2008.

For the organisational closure period April to June 2008, 11 whole time equivalent staff were retained at the National Centre to undertake the winding down of the Commission. These members of staff were made redundant as of 1 July 2008.

In addition six Commissioners were remunerated from Commission funds during the period 1 April to 31 August 2007, falling to five from September 2007 to 30 June 2008. The average number of employees during the period 1 April 2007 to 31 March 2008 by type of contract and location of employment was:

Type of employment

	01.04-07-31.03.08	2006-07
Permanent Staff	**108**	64
Fixed Term Staff	**68**	76
Interim and Agency Staff	**6**	4
	182	144

Location of employment

	01.04-07-31.03.08	2006-07
National Centre	**39**	48
Regional Centres	**63**	66
In House FSO Support	**80**	30
	182	144

Pension Contributions

Pension benefits to staff are provided through the NHS Pension Scheme. Scheme members contribute six per cent of salary to their pension. Commission Members' remuneration is not pensionable.

The NHS Pension Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th of the best of the last three years pensionable pay for each year of service. A lump sum normally equivalent to three years pension is payable on retirement. 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 12 months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

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 pensionable pay for death in service, and up to five times their annual pension for death after retirement is payable.

The Scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies. Under the arrangement the employee can make contributions to enhance their pension benefits. The benefits payable relate directly to the value of the investments made.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. For early retirements not funded by the scheme, the full amount of the liability for the additional costs is charged to the Income and Expenditure Account at the time the Commission commits itself to the retirement, regardless of the method of payment.

Staff can opt to open a partnership pension account – a stakeholder pension with an employer contribution. In the reporting period, no contributions were paid or were payable to stakeholder pension providers.

Note 5. RUNNING COSTS

	Core Commission £'000	In House £'000	**01.04.07 – 30.06.08 £'000**	2006-07 £'000
Accommodation Costs	**1,596**	**313**	**1,909**	1,647
Additional Dilapidation Charges	**41**	**4**	**45**	–
Additional Unexpired Lease Charge	**17**	**–**	**17**	–
Audit Fee – External*	**55**	**–**	**55**	50
Audit Fee – Internal	**56**	**–**	**56**	29
General Administrative Expenses	**73**	**244**	**317**	407
Office Expenditure	**119**	**21**	**140**	67
IT and Computer Maintenance	**1,496**	**65**	**1,561**	1,471
Telecommunications and Postage	**32**	**40**	**72**	52
Printing and Publications	**166**	**28**	**194**	251
Recruitment and Training	**401**	**184**	**585**	445
Travel and Subsistence	**286**	**132**	**418**	368
Arms Length Body Review	**40**	**–**	**40**	13
Total	**4,378**	**1,031**	**5,409**	4,800

Amount included under accommodation costs relating to operating leases was £0.935m in the reporting period.

***** External auditors' remuneration relates solely to the provision of audit services.

Note 5a. RESTRUCTURING – EARLY RETIREMENT CAPITAL COSTS and PREMISES DILAPIDATIONS

	Core Commission £'000	New £'000	**01.04.07- 30.06.08 £'000**	2006-07 £'000
Early Retirement Costs	**462**	**121**	**583**	12
Provision for Early Retirement Costs – Note 11	**487**	**5**	**492**	-
Provision for Unexpired Lease Costs – Note 11	**-**	**-**	**-**	394
Provision for Dilapidation Costs – Note 11	**151**	**-**	**151**	381

The policy of the NHS Pension Scheme is to charge in full the capitalisation costs of any early retirement on the date of retirement. This provides an annuity against which any future inflationary uplift in retirement benefits will be offset. All future obligations and liabilities for the Commission are therefore expunged on payment of the capitalisation cost.

Premises dilapidations were calculated using the Royal Institute of Chartered Surveyors Dilapidations Price Book, measured against the original schedule of works for fitting out each of the Commissions leased premises, in tandem with the tenants maintenance and renewals clauses in the leases of every property still held by the Commission on 31 March 2007. Provisions raised for premises which were subsequently assigned have been released to the Operating Cost Statement during the reporting period. These include Warrington, Gateshead and Guildford. Any additional dilapidation charges resulting from negotiations with landlords have been charged as new provisions to the Operating Cost Statement during the reporting period.

An Unexpired Lease provision has been calculated for all Commission premises held under lease at 31 March 2007. The provision has been raised in accordance with FRS 12 in order to reflect the onerous nature of the lease for the period beyond operational closure in March 2008 to the respective break clause dates contained in the lease of each premise. The onerous term for the Commission's National Centre has been assessed as the period beyond organisational closure in June 2008 to the break clause date. Unexpired Lease provisions raised for premises which were subsequently assigned have been released to the Operating Cost Statement during the reporting period. These include Warrington, Gateshead, Guildford and Cambridge.

Note 6. INTANGIBLE FIXED ASSETS

Software Licences	**£'000**
Cost/Valuation at 1 April 2007	**2,109**
Additions	**-**
Disposals	**(2,109)**
Cost/Valuation at 30 June 2008	**Nil**
Amortisation at 1 April 2007	**(1,288)**
Provided in the period	**(274)**
Disposals	**1,562**
Amortisation at 30 June 2008	**Nil**
Net Book Value at 30 June 2008	**Nil**
Net Book Value at 1 April 2007	821

Note 7. TANGIBLE FIXED ASSETS

	Fitting Out & Furniture £'000	Plant and Machinery £'000	IT Hardware/ Development £'000	Total £'000
Cost/Valuation				
1 April 2007	**1,757**	**45**	**2,918**	**4,720**
Disposals	**(1,790)**	**(50)**	**(2,096)**	**(3,936)**
Transferred to DH	**(19)**	**–**	**(689)**	**(708)**
Indexation	**–**	**–**	**(133)**	**(133)**
Revaluation	**52**	**5**	**–**	**57**
Cost / Valuation at 30 June 2008	**Nil**	**Nil**	**Nil**	**Nil**
Depreciation				
1 April 2007	**(757)**	**(34)**	**(2,038)**	**(2,829)**
Provided in the period	**(169)**	**(6)**	**(323)**	**(498)**
Disposals	**945**	**44**	**1,543**	**2,532**
Indexation	**-**	**-**	**133**	**133**
Transferred to DH	**10**		**685**	**695**
Revaluation	**(29)**	**(4)**	**-**	**(33)**
Depreciation at 30 June 2008	**Nil**	**Nil**	**Nil**	**Nil**
Net Book Value at 30 June 2008	**Nil**	**Nil**	**Nil**	**Nil**
Net Book Value at 1 April 2007	1,000	11	880	1,891

Note 8. COST OF CAPITAL

In accordance with HM Treasury Guidance, a notional charge for the cost of capital employed in the financial year is included in the Income and Expenditure Account along with an equivalent reversing notional income to finance the charge. The charge for the period ending 30 June 2008 is calculated using the Treasury's discount rate of 3.5% (2006-07 3.5%) applied to the mean value of capital employed during the period. The value of capital employed excludes non-interest bearing cash balances held with the Office of the Paymaster General.

	01.04.07-30.06.08 £'000	2006-07 £'000
Relevant Net Assets	**1,008**	2,109
Capital Employed as at 31 March	**-**	1,008
Capital Employed as at 30 June	**(759)**	-
Mean Capital Employed	**125**	1,559
Notional Charge for Cost of Capital	**4**	54

Note 9. DEBTORS FALLING DUE WITHIN ONE YEAR

	01.04.07 – 30.06.08 £'000	2006-07 £'000
Debtors	**0**	19
Prepayments	**111**	300
Total	**111**	319

Intra Government Balances

	01.04.07-30.06.08 £'000	2006-07 £'000
Balances with Central Government Bodies	**–**	18
Balances with Local Authorities	**–**	28
Balances with NHS Trusts	**–**	–
Balances with Public Corporations	**–**	–
Balances with organisations external to Government	**111**	273
Total	**111**	319

Note 10. CREDITORS FALLING DUE WITHIN ONE YEAR

	01.04.07-30.06.08 £'000	2006-07 £'000
Trade Creditors	**5**	45
Tax and Social Security Creditors	**0**	164
Other Creditors	**0**	62
Accruals	**34**	1,152
Total	**39**	1,423

Intra Government Balances

	01.04.07-30.06.08 £'000	2006-07 £'000
Balances with Central Government Bodies	**–**	278
Balances with Local Authorities	**–**	1
Balances with NHS Trusts	**–**	–
Balances with Public Corporations	**–**	1
Balances with organisations external to Government	**39**	1,143
Total	**39**	1,423

Note 11. PROVISIONS FOR LIABILITIES & CHARGES

	Dilapidations	**Unexpired Leases**	**Early Retirements**	**Total**
Balance at 1 April 2007	**381**	**394**	**–**	**775**
Provided in Period	**151**	**–**	**492**	**643**
Paid in Period	**(183)**	**(127)**	**–**	**(310)**
Release of Excess Provision	**(121)**	**(156)**	**–**	**(277)**
Balance at 30 June 2008	**228**	**111**	**492**	**831**

Premises dilapidations have been calculated using the Royal Institute of Chartered Surveyors Dilapidations Price Book, measured against the original schedule of works for fitting out each of the Commissions leased premises, in tandem with the tenants maintenance and renewals clauses in the leases of every property still held by the Commission on 31 March 2007.

The dilapidation provision of £0.151m provide in the period, relates to an outstanding contribution towards the full repairing lease held in the name of the Insolvency Service covering a demise formerly occupied by the Commission in Ladywood House, Birmingham.

Of the unexpired lease balance of £0.111m at 30 June 2008, £0.111m has been discharged and appears as part of the prepayment figure contained in Note 9 on page 60.

Capital costs for Early Retirements are calculated by the NHS Pension Scheme whose standard policy is to charge in full the capitalisation costs of any early retirement from the date of retirement as a consequence of redundancy. This provides an annuity against which any future inflationary uplift in retirement benefits will be offset. All future obligations and liabilities for the Commission are therefore expunged on payment of the capitalisation cost.

Note 12. DEFERRED INCOME

	01.04.07-30.06.08 £'000	2006-07 £'000
Deferred Income Brought Forward	**221**	–
Release of Excess Deferred Income	**(43)**	–
Release of Deferred Income In Period	**(178)**	–
Deferred Income within one Year		41
Deferred Income after one Year		180
Total	**Nil**	221

In accordance with the Accounting Standards Board Urgent Issues Task Force Abstract 28 Operating Lease Incentives were disclosed net of any incentives, with incentives recognised over the period of the lease. The deferred income relating to the unused benefit derived from the initial rent-free periods on leased property has been released to the Operating Costs Statement in the period following the termination of all leases on premises.

Note 13. MOVEMENT ON RESERVES

	Income & Expenditure Reserve £'000	Revaluation Reserve £'000	Total £'000
Balance at 1 April 2007	**4,487**	**81**	**4,568**
Additions			
Grant-in-Aid Revenue Expenditure	**27,014**	**–**	**27,014**
Revaluation	**–**	**57**	**57**
Transfers to Income & Expenditure			
Operating Costs	**(29,424)**	**-**	**(29,424)**
Backlog Depreciation	**–**	**(33)**	**(33)**
Realised Element of Revaluation	**24**	**(24)**	**0**
Release of Revaluation Reserve	**81**	**(81)**	**0**
Balance at 30 June 2008	**2,182**	**Nil**	**2,182**

Note 14. RECONCILIATION OF THE OPERATING COSTS TO THE NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Note	01.04.07-30.06.08 £'000	2006-07 £'000
Operating Expenditure		**(29,428)**	(28,317)
Depreciation and Amortisation	6-7	**772**	1,203
Cost of Capital Charge	8	**4**	54
(Gain)/Loss on Impairment	6-7	**–**	44
Loss on Disposal of Fixed Assets	6-7	**1,938**	133
Decrease/(Increase) in Stock		**2**	-
(Increase)/ Decrease In Debtors and Prepayments	9	**208**	49
(Decrease)/Increase in Creditors	10	**(1,384)**	(53)
Increase/ (Decrease) in Provisions for Liabilities & Charges	11	**56**	162
(Decrease)/Increase in Deferred Income	12	**(221)**	(42)
Net Cash Outflow from Operating Activities		**(28,053)**	(26,767)

Note 15. ANALYSIS OF CHANGES IN CASH

	01.04.07-30.06.08 £'000	2006-07 £'000
Balance at beginning of period	**3,954**	3,210
(Decrease)/Increase in Cash	**(1,013)**	744
Balance at 30 June	**2,941**	3,954

Note 16. CAPITAL COMMITMENTS

At 30 June 2008 capital commitments contracted for were £Nil (2006-07 £Nil).

Note 17. COMMITMENTS UNDER OPERATING LEASES

The Commission is committed to making the following operating lease payments in the next financial year:

Operating leases for Land and Buildings which expire:	**30 June 2008 £'000**	31 March 2007 £'000
Within one year	**0**	434
In years two to five	**0**	69
Over five years	**0**	635

Payments amounting to £0.111m reflecting operational lease commitments to their respective break clause dates in 2008 are included in the prepayments figure disclosed in Note 9 on page 60.

There were no other operating leases in place at 30 June 2008.

Note 18. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2008 (2006-07 £Nil).

Note 19. POST BALANCE SHEET EVENTS

As the Commission closed on 30 June 2008 there is nothing further to disclose.

The audited financial statements for the period 1 April 2007 to 30 June 2008 were given to the DH Accounting Officer for signature with sufficient assurances by the CPPIH Accounting Officer on

These accounts were authorised for issue by the DH Accounting Officer on 14 July 2008.

Note 20. RELATED PARTY TRANSACTIONS

The Department of Health is a related party to the Commission. During the period ending 30 June 2008, with the exception of the Department of Health providing the Commission with Grant-in-aid, no related party transactions were entered into. During the period ending 30 June 2008 none of the Commission Members, key managerial staff or other related parties undertook any material transactions with the Commission.

Note 21. LOSSES AND SPECIAL PAYMENTS

Losses in the period ending 30 June 2008 amounted to £97.00 (2006-07 £Nil).

Note 22. FRS 13

As permitted by FRS13, this disclosure excludes short-term debtors and creditors. The Commission has no borrowings, relying solely on Grant-in-Aid for its cash requirements. Neither does the Commission have material deposits. All material assets and liabilities are denominated in sterling. The Commission, therefore, manages a continuing liquidity risk but is not exposed to an interest rate or to a currency risk.

Note 23. RECONCILIATON OF TOTAL NET OPERATING COST TO FINANCING RECEIVED FROM THE DEPARTMENT OF HEALTH FOR THE PERIOD ENDING 30 JUNE 2008

In order to aid the reader of the accounts DH have requested that Arms Length Bodies provide a reconciliation indicating how the organisation has performed financially in containing its Total Net Operating Costs within the Grant-in-aid received during the financial reporting period. The table below provided information regarding the Commissions position.

	01.04.07-30.06.08 £'000	2006-07 £'000
Total net operating costs for the financial year	**(26,714)**	(26,883)
Financing received from the department of health	**27,014**	27,500
Under/ (over) spend against financing received from the department of health	**300**	617

9 CONTACT DETAILS:

The Commission for Patient and Public Involvement in Health has been abolished all enquiries should be directed to the Department of Health, Richmond House, 79 Whitehall, London SW1 2NS

Tel: 020 7210 4850
Website: dhmail@dh.gsi.gov.uk

Printed in the UK for The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office
ID5854213 07/08

Printed on Paper containing 75% recycled fibre content minimum.

Published by TSO (The Stationery Office) and available from:

Online
www.tsoshop.co.uk

Mail, Telephone Fax & E-Mail
TSO
PO Box 29, Norwich, NR3 1GN
Telephone orders/General enquiries 0870 600 5522
Order through the Parliamentary Hotline *Lo-Call* 0845 7 023474
Fax orders: 0870 600 5533
E-mail: customer.services@tso.co.uk
Textphone: 0870 240 3701

TSO Shops
16 Arthur Street, Belfast BT1 4GD
028 9023 8451 Fax 028 9023 5401
71 Lothian Road, Edinburgh EH3 9AZ
0870 606 5566 Fax 0870 606 5588

The Parliamentary Bookshop
12 Bridge Street, Parliament Square,
London SW1A 2JX

TSO@Blackwell and other Accredited Agents

ISBN 978-0-10-295668-9