



Department
of Health



South Gloucestershire Primary Care Trust

2012-13 Annual Report and Accounts

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South Gloucestershire Primary Care Trust

2012-13 Annual Report

REPORT OF THE DIRECTOR OF FINANCE

SOUTH GLOUCESTERSHIRE PRIMARY CARE TRUST

Operating and Financial Review	2
Financial Performance	3
Summary Financial Statements	7
Statement of Directors' Responsibilities	9
Annual Governance Statement	10
Senior Manager Remuneration Report	11
Interests	14
Off-Payroll Engagements	15
Independent Auditor's Report	16
Glossary of Financial Terms	17

OPERATING AND FINANCIAL REVIEW

Overview

The PCT achieved its financial duties for 2012/13 and delivered an under spend of £1.4 million against its £393.7 million revenue resource limit.

Trend Analysis of Revenue Performance

	2012/13 £000	2011/12 £000
Revenue Resource Limit	393,747	372,118
Under spend against Revenue Resource Limit	1,397	1,397
Percentage under spend against Revenue Resource Limit	0.4%	0.4%

Outlook for 2013/14 and beyond

Financial standing

The key financial planning assumptions for 2013/14 for South Gloucestershire CCG are as follows:

- A pro rata share of the revenue resource limit underspend from 2012/13 will be returned to the CCG in 2013/14 and this has been assumed in the financial plan.
- The CCG's recurrent revenue resource limit, as determined in the national baseline setting exercise, has been increased by 2.6%. The additional growth funding is being used to deliver a number of national and local priorities
- Part of the allocation has been set aside for the delivery of planned CCG revenue resource limit underspend (0.5%) as agreed with NHS England as part of the 2013/14 plan.

The CCG is committed to ensuring there is high quality care for all residents of South Gloucestershire. In an environment with limited funding growth, and with increasing demand, significant levels of efficiency will be needed.

It is important that the coming year is used to make the changes required so we are prepared for the challenges which lie ahead from 2014/15 and to ensure that local services are best placed to continue to deliver high quality services.

The emphasis during 2013/14 will include:

- Performing and improving on quality and outcomes.
- Delivering sustainable efficiency improvements.
- Maintaining financial control and improving the underlying financial position of the CCG.

Neil Kemsley

Director of Finance

Bristol, North Somerset, Somerset and South Gloucestershire Area Team

FINANCIAL PERFORMANCE

Overview

The audited accounts show that during the year ended 31 March 2013 the PCT achieved all of its financial duties. A copy of the full set of audited accounts is available upon request without charge from:

Communications Manager
South Gloucestershire Clinical Commissioning Group
Corum Park
Warmley
Bristol BS30 8XL

Alternatively, the full document can be viewed on the PCT's website at:
<http://www.southgloucestershireccg.nhs.uk/>

Revenue and Capital Resource Limits

The PCT has a statutory duty to maintain expenditure within the resource limits set for both revenue and capital, which must be met individually.

Revenue Resource Limit

Revenue expenditure covers general day-to-day running costs and other areas of ongoing expenditure. The PCT met its statutory duty to operate within its revenue resource limit:

	2012/13 £000	2011/12 £000
Total net operating cost for the financial year	392,350	370,721
Revenue Resource Limit	393,747	372,118
UNDER SPEND AGAINST REVENUE RESOURCE LIMIT	1,397	1,397

Note: The PCT received planned financial support from Bristol Primary Care Trust (£7.9 million) and North Somerset Primary Care Trust (£1.8 million) during 2011/12, in accordance with the Shared Model for PCT Clusters published by the Department of Health on 28 July 2011, and as approved at the uncommon meeting of the PCT Cluster Board in March 2012.

This note measures the PCT's performance against its statutory duty to operate within the revenue resource limit set by the Department of Health. The revenue resource limit is the maximum the PCT can spend on commissioning and providing healthcare for its resident population.

Capital Resource Limit

Capital resource provides for expenditure on items with a useful life expectancy in excess of one year (such as land, buildings) and with a value greater than £5,000. The PCT met its statutory duty to operate within its capital resource limit:

	2012/13 £000	2011/12 £000
Gross Capital Expenditure	7,815	8,119
Less: Net book value of assets disposed of	(700)	0
Charge Against the Capital Resource Limit	7,115	8,119
Capital Resource Limit	7,115	8,161
UNDER SPEND AGAINST CAPITAL RESOURCE LIMIT	0	42

This note measures the PCT's performance against its statutory duty to operate within the capital resource limit set by the Department of Health.

Cash Limit

The PCT is required not to exceed the cash limit set by the Department of Health, which restricts the amount of cash drawings that the PCT can make in the financial year. The PCT achieved this in 2012/13 and 2011/12, against its cash limits of £387 million and £374 million respectively.

Provider Full Cost Recovery

The provider function was transferred to North Bristol Trust on 1 April 2011.

Total Staff Costs

	2012/13	2011/12
Salaries and wages	4,047	4,052
Employer contributions to NHS Pensions Agency	468	518
Social security costs	284	289
Termination benefits	185	0

This note includes permanently (those directly employed by the PCT) and other employed staff (those on secondment or loan from other organisations, bank/ agency/ temporary staff and contract staff).

Average Number of Persons Employed

	2012/13	2011/12
Nursing, midwifery & health visiting staff	13	15
Scientific, therapeutic and technical staff	5	7
Healthcare assistants & other support staff	3	5
Medical and dental		2
Administration and estates	86	79
Other	0	0

Average Number of Persons Employed **107** **108**

This note has been prepared consistently with total staff costs above.

During the 2012-13 financial year the PCT's cumulative sickness absence was 1.7% (2011/12 - 4%). For the calendar year ending 31 December 2012 it was 3.1% (2.7% calendar year to 31 December 2011).

Running Costs

The PCT aims to ensure that the maximum possible expenditure is committed to patient care, whilst ensuring that sufficient management capacity is available to facilitate delivery of the changing and modernising environment in which it operates. The costs shown below were calculated in accordance with the Primary Care PCT Manual for Accounts definition for running costs, and represent some 2.5% of net operating costs (2011/12, 3.0%).

PCT Running Costs 2012/13	Commissioning Services	Public Health	Total
Running costs £'000	£8,443	£908	£9,351
Weighted population	213,300	213,300	213,300
Running costs per head of population (£ per head)	£39.58	£4.26	£43.84

PCT Running Costs 2011/12	Commissioning Services	Public Health	Total
Running costs £'000	£8,127	£1,224	£9,351
Weighted population	213,300	213,300	213,300
Running costs per head of population (£ per head)	£38.10	£5.74	£43.84

The purpose of these notes is to record the overall PCT running costs according to definitions provided by the Department of Health. The broad definition of running costs includes any cost incurred that is not a direct payment for the provision of healthcare or healthcare related services. The costs are split between Commissioning Services and Public Health with a total cost provided.

Better Payments Practice Code

In accordance with the Better Payments Practice Code, valid invoices should be paid by their due date or within 30 days of receipt, whichever is later. PCT performance is presented below, measured in terms of both the number and value of invoices received, against an NHS administrative target to pay over 95% of non-NHS trade creditors in accordance with the Code.

Non-NHS Payables

	2012/13		2011/12	
	Number	£000	Number	£000
Total bills paid in the year	11,066	63,137	8,734	49,099
Total bills paid within target	10,697	61,353	8,598	48,115
Percentage of bills paid within target	96.7%	97.2%	98.4%	98.0%

NHS Payables

	2012/13		2011/12	
	Number	£000	Number	£000
Total bills paid in the year	2,731	246,850	2,670	240,896
Total bills paid within target	2,670	245,625	2,624	240,474
Percentage of bills paid within target	97.8%	99.5%	98.3%	99.8%

Additionally, the Prompt Payment Code is a payment initiative developed by Government with the Institute of Credit Management (ICM) to tackle the crucial issue of late payment and help small businesses. The PCT has always adopted the principles incorporated in the code, and has been a registered member since June 2009.

This note shows the PCT's performance against its administrative duty to pay over 95% of non-NHS trade creditors within 30 calendar days of receipt of goods or valid invoice, whichever is later, unless other payment terms have been agreed. Since 2005/06 NHS organisations have also been required to report payment performance with respect to other NHS bodies.

Losses and Special Payments

The PCT has approved cases for losses and special payment during 2012/13 of £10,481 (2011/12 £ nil).

Losses or special payments are payments that Parliament would not have envisaged healthcare funds being spent on when it originally provided the funds.

During 2012/13 the PCT had no serious untoward incidents involving data loss or confidentiality breaches (2011/12 nil).

Accounting Issues

There are no significant changes in accounting practice to report in 2012/13. Full details of the accounting policies, estimation techniques and measurement bases used to prepare the accounts and summary financial statements can be found within Note 1 of the PCT's audited accounts.

Board and Executive Committee Members

Full details of the remuneration paid to Board and Executive Committee members and senior employees are provided within the Remuneration Report included herein, together with their pension entitlements and declaration of interest.

In accordance with national policy NHS South Gloucestershire entered into a cluster arrangement with NHS Bristol and NHS North Somerset. A single executive team was in place for all three organisations for 2012/13.

The Audit Committee is chaired by Graham Nix, Non-Executive Director, who has relevant and recent financial experience. Other Non-Executive Director members of the Committee are Tim Anderson, David Harwood and Dr Paul Phillips.

The Committee reviews its terms of reference and its effectiveness annually and recommends to the Board any changes required as a result of the review.

In 2012/13, the Audit Committee discharged its responsibilities by:

- * reviewing the PCT's draft financial statements prior to Board approval and reviewing the external auditors' detailed reports
- * reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process, taking into account relevant UK professional and regulatory requirements;
- * reviewing the external auditors' annual work plan, including its non-audit services and fees;
- * reviewing the risks associated with the PCT's business and management thereof;
- * reviewing the policies and procedures for all work related to fraud and corruption;
- * reviewing investigations as a result of the instigation of the PCT's whistle blowing policy;
- * reviewing the PCT's system of internal control and its effectiveness, reporting to the Board on the results of the review and receiving regular updates on key processes for management of the risks facing the PCT;
- * reviewing the effectiveness of the internal audit function; and
- * reviewing the internal audit work programme, internal audit reports and periodic progress reports on its work during the year.

The Audit Committee has wide powers to establish special investigations in the event that any wrongdoing is brought to its notice, in particular, in the case of defalcations, fraud or theft.

External Audit

Grant Thornton LLP is the appointed external auditor for the PCT. The total fee paid is analysed below, and was paid to cover the cost of the statutory audit and associated services. This included a qualitative assessment of the effectiveness of the PCT's arrangements to secure economy, efficiency and effectiveness in our use of resources.

	2012/13	2011/12
	£000	£000
Financial Statements (statutory accounts audit)	82	135
Payment by Results (data quality assurance work)	25	36
Total external audit fee paid	107	171

SUMMARY FINANCIAL STATEMENTS

The statements below summarise the information contained within the full audited accounts.

Statement of Comprehensive Net Expenditure

	2012/13 £000	2011/12 £000
Administration		
Staff Costs	4,307	4,632
Other Costs	5,907	4,719
Less: Miscellaneous Income	(863)	0
Commissioning Net Operating Costs	9,351	9,351
Programmed Expenditure		
Staff Costs	633	96
Other Costs	395,301	375,574
Less: Miscellaneous Income	(12,961)	(14,334)
Net programme Cost before Interest	382,973	361,336
Other (gains)/losses	(213)	145
Finance costs	26	34
TOTAL COMPREHENSIVE NET EXPENDITURE	392,137	370,866

The purpose of this statement is to summarise, on an accruals basis, the net operating costs of the PCT. The statement identifies gross operating costs, less miscellaneous income, to arrive at the net operating costs of the PCT split between commissioning and provider functions.

Statement of Changes in Taxpayers' Equity

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
2012/13			
Balance at 1 April 2012	12,665	2,596	15,261
Net operating cost for the year	(392,350)		(392,350)
Net gain/(loss) on revaluation of property, plant, equipment		344	344
Impairments		(131)	(131)
Transfers between reserves	247	(247)	0
Total recognised income and expense for 2012/13	(392,103)	(34)	(392,137)
Net Parliamentary funding	387,262		387,262
BALANCE AT 31 MARCH 2013	7,824	2,562	10,386
2011/12			
Balance at 1 April 2011	9,290	2,737	12,027
Net operating cost for the year	(370,721)		(370,721)
Net gain/(loss) on revaluation of property, plant, equipment		142	142
Impairments		(259)	(259)
Transfers between reserves	24	(24)	0
Non-cash charges - cost of capital			0
Total recognised income and expense for 2011/12	(370,697)	(141)	(370,838)
Net Parliamentary funding	374,072	0	374,072
BALANCE AT 31 MARCH 2012	12,665	2,596	15,261

Changes in an entity's equity between the beginning and the end of the reporting period reflect the increase or decrease in its net assets during the period.

Statement of Cash Flows

	2012/13 £000	2011/12 £000
Operating Activities		
Net cash outflow from operating activities	(378,860)	(366,574)
Investing Activities		
(Payments) for Property, Plant and Equipment	(9,097)	(7,495)
Net cash inflow/(outflow) before financing	(387,957)	(374,069)
Financing		
Net Parliamentary Funding	387,962	374,072
Net Cash Inflow/(Outflow) from Financing Activities	387,962	374,072
INCREASE/ (DECREASE) IN CASH	5	3

The Statement of Cash Flows provides information on PCT liquidity, viability and financial adaptability.

Statement of Financial Position

	31 March 2013 £000	31 March 2012 £000
Non-current Assets		
Intangible assets		13
Property, plant and equipment	28,894	35,466
	28,894	35,479
Current Assets		
Inventories	0	0
Trade and other receivables	3,708	3,113
Cash and cash equivalents	10	5
Non-current assets held for sale	0	850
Total current assets	3,718	3,968
Current Liabilities		
Trade and other payables	(18,996)	(22,063)
Provisions	(2,810)	(143)
Total current liabilities	(21,806)	(22,206)
Non-current Liabilities		
Total non-current liabilities	(420)	(1,980)
TOTAL ASSETS / (LIABILITIES) EMPLOYED	10,386	15,261
Financed by:		
Taxpayers Equity		
General fund	7,824	12,665
Revaluation reserve	2,562	2,596
TOTAL TAXPAYERS' EQUITY	10,386	15,261

The Statement of Financial Position states the assets and liabilities of the PCT as at the end of the financial year being reported on, and is made up of two parts:

- * The upper part shows the net assets/ liabilities of the PCT; and
- * The lower part identifies the source of finance used to fund the net assets/ liabilities.

The financial statements were approved by the PCT Board on 3 June 2013 and signed on its behalf by:

Stephen Harrison
Chairman
3 June 2013

Anthony Farnsworth
Chief Executive
3 June 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the Primary Care Trust and the net operating cost, recognised gains and losses and cash flows for the year.

In preparing these accounts, Directors are required to:

- i. apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;
- ii. make judgements and estimates which are reasonable and prudent;
- iii. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the organisation and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention of fraud and other irregularities.

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

By order of the Board.

Anthony Farnsworth
Director
Bristol, North Somerset, Somerset and South Gloucestershire Area Team
NHS England

ANNUAL GOVERNANCE STATEMENT

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

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

The Annual Governance Statement (AGS) provides details of the system of control within the Trust. The full version of the AGS can be found within the audited accounts.

Anthony Farnsworth

Director

Bristol, North Somerset, Somerset and South Gloucestershire Area Team

SENIOR MANAGERS' REMUNERATION REPORT

For the purpose of this report, senior managers are defined as being: 'those persons in senior positions having authority or responsibility for directing or controlling the major activities of the Trust. This means those who influence the decisions of the organisation as a whole rather than the decisions of individual directorates or departments'. Senior managers (excluding Non-Executive Directors) are generally employed on permanent contracts with a three month period of notice.

The Trust's Terms of Service and Remuneration Committee is chaired by the Chairman of the Board. It is the Terms of Service and Remuneration Committee that determines the reward packages of Executive Directors, whilst taking account of the Pay Framework for Very Senior Managers (VSM) published by the Department of Health. There is a performance bonus for Executive Directors covered by the VSM framework, which is subject to annual agreement by Ministers at a national level.

The Chairman of the Board and other Non-Executive Director members are appointed by the Appointments Commission, on behalf of the Secretary of State of Health.

South Gloucestershire PCT Board	2012/13					2012/13		2011/12		2011/12	
	Total BNSSG Salaries and Allowances					NHS South Gloucestershire's 24.4% share of Total BNSSG Salaries and Allowances		Total BNSSG Salaries and Allowances		NHS South Gloucestershire 24.4% share of Total BNSSG Salaries and Allowances	
	Start Date	End Date	Salary (bands of £5,000)	Other Emoluments / Benefits		Salary (bands of £5,000)	Other Emoluments	Salary (bands of £5,000)	Other Emoluments	Salary (bands of £5,000)	Other Emoluments
Senior managers influencing activities across the BNSSG Cluster from 1st June 2011											
M Orchard	Director of Finance and IM&T	01/07/2011	31/07/2012	35-40	0-5	5-10	0-5	85-90	15-20	20-25	0-5
N Kemsley	Director of Finance	01/08/2012		80-85		20-25					
D Evans *	Chief Executive	01/06/2011	30/11/2012	90-95	280-285	20-25	65-70	115-120		25-30	
A Farnsworth *	Chief Executive	01/12/2012		65-70		15-20					
L Scott	Director of Quality and Governance	01/11/2011		95-100	15-20	20-25	0-5	35-40	15-20		0-5
L Tranmer	Director of Commissioning Delivery	01/06/2011		95-100		20-25		75-80		5-10	
R Pedley	Director of Commissioning Development	01/06/2011		90-95	180-185	20-25	40-45	75-80		20-25	
D Tappin	Director of Strategy	01/06/2011		100-105		25-30		85-90		20-25	
M Vaughan	Director of Human Resources and Organisational Development	01/06/2011		75-80	50-55	15-20	10-15	60-65		15-20	
S Harrison	Chairman	07/12/2012		35-40		Oct-13		25-30		5-10	
M Gibbs	Vice-Chairman and Non Executive Director	01/01/2012		5-10		0-5		0-5		0-5	
T Anderson	Non-Executive	01/01/2012		5-10		0-5		0-5		0-5	
D Harwood	Non-Executive	01/01/2012		5-10		0-5		0-5		0-5	
G Nix	Non-Executive (Audit Committee Chair)	01/01/2012		10-15		0-5		0-5		0-5	
K Headdon	Non-Executive	01/01/2012	30/11/2012	5-10		0-5		0-5		0-5	
P Phillips	Non-Executive	01/01/2012		5-10		0-5		0-5		0-5	
T Mistry	Non-Executive	01/01/2012		5-10		0-5		0-5		0-5	
A Havers	Medical Director	01/07/2011		40-45		10-15		40-45		10-15	
R Knibbs	Interim Director of Finance and IM&T	01/06/2011	03/07/2011					5-10		0-5	
Ms D Hayman	Interim Director of quality and governance	01/06/2011	18/11/2011					45-50	60-65	10-15	
Ms A Robinson	Interim Director of quality and governance	01/06/2011	26/10/2011					25-30		0-5	

*Between 1 December 2012 and 31 March 2013 Ms D Evans remained employed by Bristol PCT following the transfer of chief executive responsibilities to Mr A Farnsworth on 1 December 2012. This involved her working to support the development of the West of England Academic Health Science Network.

From 1 June 2011 (or later start date as shown) the Executive directors listed above took on responsibilities across the BNSSG Cluster and South Glos PCT from that date bore a share of these costs. The total salary costs above reflect amounts from 1 April 2012 to 31 March 2013. This is not therefore the total salaries those individuals have received in the whole of the 2012/13 financial year. South Gloucestershire PCT had a 24.4% share of the costs of these posts (which is broadly in line with its share of the weighted population) as shown in the table above.

		2012/13		2011/12			
		Start Date	End Date	Salary (bands of £5,000)	Other Emoluments	Salary (bands of £5,000)	Other Emoluments
Clinical Commissioning Group (replacing Professional Executive Committee) - influencing activities in South Gloucestershire, from 1st October 2011							
Dr S Illingworth	Chair	01/10/2011		90-95		55-60	
Chris Payne	Director of Public Health	01/10/2011	20/04/2012	5-10		45-50	5-10
M Pietroni	Director of Public Health	01/01/2013		20-25		40-45	
Amanda J Gibbs	Accountable Officer	01/10/2011		90-95			
Dr I Hamid	GP	01/10/2011	31/03/2012			5-10	
Dr A Sephton	GP	01/10/2011		40-45		15-20	
Dr Jonathan Hayes	GP	01/10/2011		70-75		25-30	
Martin Wilkes	Practice Manager	01/10/2011		10-15		10-15	
A Appleton	GP	01/07/2012		20-25			
S Kingscott	Chief Finance Officer	01/11/2012		35-40			
W Bonn	GP	01/07/2012		20-25			

Finance representation to the Clinical Commissioning Group was via C Costello as Chief Financial Officer (CFO) until the appointment of S Kingscott. C Costello acted as a representative of the Director of Finance N Kemsley so is not listed separately.

Notes:

No benefits-in-kind were received by any senior manager in either year. No senior manager waived his/her remuneration nor received any allowances in lieu either year.
No Payments were made to 3rd parties for services of Senior Manager
No Compensation is payable to former Senior Managers

SENIOR MANAGERS' REMUNERATION REPORT

Senior Manager Pension Entitlements (audited)

Name	Title	Real increase in pension at age 60 (bands of £2,500) £000	Lump sum at age 60 related to real increase in pension (bands of £2,500) £000	Total accrued pension at 31 March 2013 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2013 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2013 £000	Cash Equivalent Transfer Value at 31 March 2012 £000	Real increase in Cash Equivalent Transfer Value £000
Amanda J Gibbs	Accountable Officer	0 - 2.5	2.5 - 5.0	30 - 35	95 - 100	579	513	38
Chris Payne	Director of Public Health	0	0	45 - 50	135 - 140	990	916	2
Roger Pedley	Director of Commissioning Development	0	0 - (2.5)	40 - 45	120 - 125	874	813	19
Sharon Kingscott	Chief Finance Officer	0 - 2.5	2.5 - 5.0	20 - 25	60 - 65	370	309	25
Mark Pietroni	Director of Public Health	0 - 2.5	0 - 2.5	0 - 5	0 - 5	36	30	6

Notes:

1. Non-Executive and Professional Executive Committee Members do not receive pensionable remuneration.
2. Full details of the accounting policy regarding pension costs can be found within Note 1 of the full set of audited financial statements (available separately).
3. Roger Pedley as a member of the Board has responsibilities across the BNSSG Cluster
4. Sharon Kingscott commenced as Chief Finance Officer Designate from 1st November 2012 but continued on the payroll of NHS Bristol to 31 March 2013

Cash Equivalent Transfer Values

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

Real Increase in CETV

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

From 1st June 2011 to 31st March 2013 - pension entitlements of senior managers influencing activities across the BNSSG Cluster

From 1 June 2011 the Executive directors listed in the table on RR1 as part of the remuneration report took on responsibilities across the BNSSG Cluster and South Gloucestershire PCT from that date bore a share of the salary costs as shown on the same table.

The full pension entitlements for these individuals are shown in the remuneration report of their host employer which is either NHS Bristol or NHS North Somerset .

SENIOR MANAGERS' REMUNERATION REPORT

Pay Multiples

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

The banded remuneration of the highest paid Director in 2012-13 was £90,000 - £95,000 (2011-12 £110,000 - £115,000) This was 3.1 times (2011-12, 4 times) the median remuneration of the workforce which was £29,753 (2011-12, £28,470). In 2012-13 no employees received remuneration in excess of the highest-paid director (2011-12, 2 employees)

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

Exit Packages

1 April 2012 to 31 March 2013

(a) Exit package cost band (including any special payment element)	(b) Number of compulsory redundancies	(c) Number of other departures agreed	(d) Total cost of exit packages	Number of departures included in (b) and (c) where special payment have been made (special payment element (totalled))
			£000	
Less than £10,000	1	0	5	0
£10,001-£25,000	0	0	0	0
£25,001-£50,000	0	0	0	0
£50,001-£100,000	0	0	0	0
£100,001- £150,000	0	0	0	0
£150,001 -£200,000	1	0	180	0
>£200,000	0	0	0	0
Total	2	0	185	0

There were no exit packages for the PCT in 2011-12

1 April 2011 to 31 March 2012

(a) Exit package cost band (including any special payment element)	(b) Number of compulsory redundancies	(c) Number of other departures agreed	(d) Total cost of exit packages	Number of departures included in (b) and (c) where special payment have been made (special payment element (totalled))
			£000	
Less than £10,000	0	0	0	0
£10,001-£25,000	0	0	0	0
£25,001-£50,000	0	0	0	0
£50,001-£100,000	0	0	0	0
£100,001- £150,000	0	0	0	0
£150,001 -£200,000	0	0	0	0
>£200,000.	0	0	0	0
Total	0	0	0	0

Name	Title	Interest Declared	Details/ comments
Executive Members			
Roger Pedley	Director of Commissioning Development	Yes	· None
Non-Executive Members			
Melanie Gibbs	Chair (Became NED for Cluster 1 January 2012)	Yes	· None
Henry D Harwood	Non Executive Director (Became NED for Cluster Board 1 January 2012)	Yes	· Trustee of the Unity Fund for the elderly (Term ended May 2011) · Employed by The Care Forum
Clinical Commissioning Committee			
Dr S Illingworth	Chair	Yes	· Part owner of Edgemount House Residential and Nursing Home · Shareholder in GP Care Ltd
Chris Payne	Director of Public Health	No	
M Pietroni	Director of Public Health	No	
Amanda J Gibbs	Accountable Officer	Yes	Nothing to declare
Dr A Sephton	GP	Yes	· Member, Frendoc Ltd · Share Holder in GP Care Ltd.
Dr Jonathan Hayes	GP	Yes	· Quality and Governance Director, Frendoc Ltd · Shareholder in GP Care Ltd.
Martin Wilkes	Practice Manager	No	· None
A Appleton	GP	Yes	· Member, Frendoc Ltd · Shareholder in GP Care Ltd.
S Kingscott	Chief Finance Officer	No	· None
W Bonn	GP	No	· None

Off-Payroll Engagements 2012/13

NHS bodies are required to include disclosures in 2012/13 about their off-payroll engagements, and the details for South Gloucestershire Primary Care Trust are set out in the tables below.

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

	Totals
No. In place on 31 January 2012	5
Of which:	
No. that have since come onto the Organisation's payroll	0
Of which:	
No. that have since been re-negotiated/re-engaged to include to include contractual clauses allowing the (department) to seek assurance as to their tax obligations	5
No that have come to an end	
Total	5

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

	Totals
No. of new engagements	17
Of which:	
No. of new engagements which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	17
Of which:	
No. for whom assurance has been accepted and received	17
No. for whom assurance has been accepted and not received	
No. that have been terminated as a result of assurance not being received	
Total	17

INDEPENDENT AUDITOR'S REPORT

We have examined the summary financial statement for the year ended 31 March 2013 which comprises the operating and financial review, financial performance, summary financial statements and senior manager remuneration report.

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

Respective responsibilities of director and auditor

The director is responsible for preparing the Annual Report. Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual Report with the statutory financial statements. We also read the other information contained in the Annual Report and consider the implications for our report if we become aware of any misstatements or material inconsistencies with the summary financial statement. We conducted our work in accordance with Bulletin 2008/03 "The auditor's statement on the summary financial statement in the United Kingdom" issued by the Auditing Practices Board. Our report on the statutory financial statements describes the basis of our opinion on those financial statements.

Opinion

In my opinion the summary financial statement is consistent with the statutory financial statements of South Gloucestershire Primary Care Trust for the year ended 31 March 2013.

Grant Thornton

4 June 2013

Grant Thornton UK LLP
55-61 Victoria Street
Bristol
BS1 6FT

GLOSSARY OF FINANCIAL TERMS

Accruals	An accounting concept. In addition to payments and receipts of cash, adjustment is made for outstanding payments, debts to be collected and stock. This means that the accounts show all of the income and expenditure that related to the financial year.
Assets	An item that has a value in the future. For example, a debtor (someone who owes money) is an asset, as they will in future pay. A building is an asset, because it houses activity that will provide a future income stream.
Audit	The process of validation of the accuracy, completeness and adequacy of disclosure of financial records.
Capital	Land, buildings, equipment and other long-term assets owned by the Trust, the cost of which exceeds £5,000 and has an expected life of more than one year.
Cash limit	A limit set by the Department of Health which restricts the amount of cash drawings that the Trust can make in the financial year. There is a combined cash limit for both revenue and capital.
Clinical Commissioning Groups	CCGs take on the statutory commissioning responsibilities of Primary Care Trusts from 1 April 2013
Commissioning	Purchase of healthcare from external service providers (NHS, other public sector, private and voluntary) to meet the needs of the population.
Current assets	Debtors, stocks, cash or similar, whose value is, or can be converted into, cash within the next twelve months.
Fixed assets	Land, buildings, equipment and other long term assets that are expected to have a life of more than one year.
Governance	Governance is the system by which organisations are directed and controlled . It is concerned with how the organisation is run, how it is structured and how it is led. Corporate governance should underpin all that an organisation does. In the NHS, this means it must encompass clinical, financial and organisational aspects.
Gross operating costs	This is the total revenue expenditure, including accruals and provisions, incurred in the course of performing all aspects of the Trust's functions during the year.
Intangible assets	Goodwill, brand value or some other right (for example, a software licence), which although invisible is likely to derive financial benefit for its owner in the future, and for which you might be willing to pay.
Miscellaneous income	Income that relates directly to the operating activities of the Trust. This excludes cash voted by Parliament and drawn down by the Trust from the Department of Health, which is credited to the general fund.
Payment by results	A financial framework in which providers are paid according to the level of activity undertaken. Payment is based on a national tariff.
Practice based commissioning	A framework which engages GP practices and other primary care professionals in the redesign of services for the benefit of patients, though the provision of resources, information and support.
Primary care trust	Primary Care Trust organisations commission acute and primary care services for their population.
Provider	Provision of healthcare from within the Trust to meet the needs of the population.
Resource limit	Expenditure limits are determined for each NHS organisation by the Department of Health for both revenue and capital, which limit the amount that may be expended on revenue purchases, as assessed on an accruals basis (that is, after adjusting for debtors and creditors).
Revenue	Ongoing or recurring running costs or funding for the general provision of services.
Tangible assets	A sub-classification of fixed assets, which include land, buildings, equipment, and fixtures and fittings.



Department
of Health



South Gloucestershire Primary Care Trust

2012-13 Accounts

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South Gloucestershire Primary Care Trust

2012-13 Accounts

**SOUTH GLOUCESTERSHIRE
PRIMARY CARE TRUST**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

1 June 2013

CONTENTS

Foreword to the Accounts	.....	3
The Primary Statements:	.....	4
Statement of Comprehensive Net Expenditure	.....	5
Statement of Financial Position	.....	6
Statement of Changes in Taxpayers' Equity	.....	7
Statement of Cash Flows	.....	8
Notes to the Accounts:		9
Note 1	Accounting policies	10 - 18
Note 2	Operating segments	19
Note 3	Financial performance targets	20
Note 4	Miscellaneous revenue	21
Note 5	Operating costs	22 - 24
Note 6	Operating leases	25
Note 7	Employee benefits and staff numbers	26-28
Note 8	Better payments practice code	29
Note 9	Investment income	29
Note 10	Other gains and losses	29
Note 11	Finance costs	29
Note 12	Property, plant and equipment	30 - 32
Note 13	Intangible non-current assets	33 - 35
Note 14	Analysis of impairments and reversals recognised in 2011-12	36 - 37
Note 15	Investment property	38
Note 16	Commitments	38
Note 17	Intra-government and other balances	38
Note 18	Inventories	39
Note 19	Trade and other receivables	39
Note 20	NHS Lift investments	40
Note 21	Other financial assets	40
Note 22	Other current assets	40
Note 23	Cash and cash equivalents	40
Note 24	Non current assets held for sale	41
Note 25	Trade and other payables	42
Note 26	Other liabilities	42
Note 27	Borrowings	42
Note 28	Other financial liabilities	42
Note 29	Deferred income	42
Note 30	Finance lease obligations	42
Note 31	Finance lease receivables as lessor	42
Note 32	Provisions	43
Note 33	Contingencies	43
Note 34	PFI and LIFT - additional information	43
Note 35	Impact of IFRS treatment - current year	43
Note 36	Financial Instruments	44
Note 37	Related party transactions	45
Note 38	Losses and special payments	46
Note 39	Third party assets	46
Note 40	Pooled budget	46
Note 41	Cashflows relating to exceptional items	46
Note 42	Events after the end of the reporting period	46
Glossary of financial terms	.....	47 - 48

FOREWORD TO THE ACCOUNTS

These accounts for the year ended 31 March 2013 have been prepared by the South Gloucestershire Primary Care Trust under section 98 (2) of the National Health Service Act 1977 in the form which the Secretary of State has, with the approval of the Treasury, directed.

THE PRIMARY STATEMENTS

Statement of Comprehensive Net Expenditure

Statement of Financial Position

Statement of Changes in Taxpayers' Equity

Statement of Cash Flows

**STATEMENT OF COMPREHENSIVE NET EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2013**

	Note	2012-13 £000	2011-12 £000
Administration Costs and Programme Expenditure			
Gross employee benefits	7.1	4,940	4,728
Other costs	5.1	401,208	380,293
Income	4	(13,824)	(14,334)
Net operating costs before interest		392,324	370,687
Investment income	9	0	0
Other (Gains)/Losses	10	0	0
Finance costs	11	26	34
Net operating costs for the financial year		392,350	370,721
Transfers by absorption -(gains)		0	
Transfers by absorption - losses		0	
Net (gain)/loss on transfers by absorption		0	
Net Operating Costs for the Financial Year including absorption transfers		392,350	370,721
Of which:			
Administration Costs			
Gross employee benefits	7.1	4,307	4,632
Other costs	5.1	5,907	4,719
Income	4	(863)	0
Net administration costs before interest		9,351	9,351
Investment income	9	0	0
Other (Gains)/Losses	10	0	0
Finance costs	11	0	0
Net administration costs for the financial year		9,351	9,351
Programme Expenditure			
Gross employee benefits	7.1	633	96
Other costs	5.1	395,301	375,574
Income	4	(12,961)	(14,334)
Net programme expenditure before interest		382,973	361,336
Investment income	9	0	0
Other (Gains)/Losses	10	0	0
Finance costs	11	26	34
Net programme expenditure for the financial year		382,999	361,370
Other Comprehensive Net Expenditure			
		2012-13 £000	2011-12 £000
Impairments and reversals put to the Revaluation Reserve		131	287
Net (gain) on revaluation of property, plant & equipment		(344)	(142)
Net (gain) on revaluation of intangibles		0	0
Net (gain) on revaluation of financial assets		0	0
Net (gain)/loss on other reserves		0	0
Net (gain)/loss on available for sale financial assets		0	0
Net (gain) /loss on Assets Held for Sale		0	
Release of Reserves to Statement of Comprehensive Net Expenditure		0	
Net actuarial (gain)/loss on pension schemes		0	0
Reclassification Adjustments			
Reclassification adjustment on disposal of available for sale financial assets		0	0
Total comprehensive net expenditure for the year*		392,137	370,866

*This is the sum of the rows above plus net operating costs for the financial year after absorption accounting adjustments.
The notes on pages 10 to 46 form part of this account.

The purpose of this statement is to summarise, on an accruals basis, the net operating costs of the PCT. The statement identifies gross operating costs, less miscellaneous income, to arrive at the net operating costs of the PCT split between administration costs (broadly Non-Healthcare) and programme (broadly Healthcare) expenditure.

The increase in other costs is principally due to the £13.8m impairment of Property Plant and Equipment including Cossham Hospital development and the revaluation of all of the estate prior to transfer to NHS Property Services.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013

	Note	2012-13 £000	2011-12 £000
Non-current assets:			
Property, plant and equipment	12	28,894	35,466
Intangible assets	13	0	13
investment property	15	0	0
Other financial assets	21	0	0
Trade and other receivables	19	0	0
Total non-current assets		28,894	35,479
Current assets:			
Inventories	18	0	0
Trade and other receivables	19	3,708	3,113
Other financial assets	36	0	0
Other current assets	22	0	0
Cash and cash equivalents	23	10	5
Total current assets		3,718	3,118
Non-current assets held for sale	24	0	850
Total current assets		3,718	3,968
Total assets		32,612	39,447
Current liabilities			
Trade and other payables	25	(18,996)	(22,063)
Other liabilities	26,28	0	0
Provisions	32	(2,810)	(143)
Borrowings	27	0	0
Other financial liabilities	36.2	0	0
Total current liabilities		(21,806)	(22,206)
Non-current assets plus/less net current assets/liabilities		10,806	17,241
Non-current liabilities			
Trade and other payables	25	(420)	(445)
Other Liabilities	28	0	0
Provisions	32	0	(1,535)
Borrowings	27	0	0
Other financial liabilities	36.2	0	0
Total non-current liabilities		(420)	(1,980)
Total Assets Employed:		10,386	15,261
Financed by taxpayers' equity:			
General fund		7,824	12,665
Revaluation reserve		2,562	2,596
Other reserves		0	0
Total taxpayers' equity:		10,386	15,261

The notes on pages 9 to 42 form part of this account.

The financial statements on pages 5 to 8 will be approved by the Audit Committee on 3rd June 2013 and signed on its behalf by

Chief Executive: *A. Parmananth*

Date: *3rd June 2013*

The Statement of Financial Position states the assets and liabilities of the PCT as at the end of the financial year being reported on, and is made up of two parts:
 * The upper part shows the net assets/ liabilities of the PCT; and
 * The lower part identifies the source of finance used to fund the net assets / liabilities.

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 March 2013**

	General fund	Revaluation reserve	Other reserves	Total reserves
	£000	£000	£000	£000
Balance at 1 April 2012 ¹	12,665	2,596	0	15,261
Changes in taxpayers' equity for 2012-13				
Net operating cost for the year	(392,350)			(392,350)
Net gain on revaluation of property, plant, equipment		344		344
Net gain on revaluation of intangible assets		0		0
Net gain on revaluation of financial assets		0		0
Net gain on revaluation of assets held for sale		0		0
Impairments and reversals		(131)		(131)
Movements in other reserves			0	0
Transfers between reserves	247	(247)		0
Release of Reserves to SOCNE		0		0
Reclassification Adjustments				
Transfers between Revaluation Reserve & General Fund in respect of assets transferred under absorption	0	0		0
Net actuarial gain/(loss) on pensions	0	0	0	0
Total recognised income and expense for 2012-13	(392,103)	(34)	0	(392,137)
Net Parliamentary funding	387,262			387,262
Balance at 31 March 2013	7,824	2,562	0	10,386
Balance at 1 April 2011	9,290	2,737	0	12,027
Changes in taxpayers' equity for 2011-12				
Net operating cost for the year	(370,721)			(370,721)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment		142		142
Net Gain / (loss) on Revaluation of Intangible Assets		0		0
Net Gain / (loss) on Revaluation of Financial Assets		0		0
Net Gain / (loss) on Assets Held for Sale		0		0
Impairments and Reversals		(259)		(259)
Movements in other reserves			0	0
Transfers between reserves	24	(24)		0
Release of Reserves to Statement of Comprehensive Net Expenditure		0		0
Reclassification Adjustments				
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	0	0	0
On disposal of available for sale financial assets	0	0	0	0
Net actuarial gain/(loss) on pensions	0	0	0	0
Total recognised income and expense for 2011-12	(370,697)	(141)	0	(370,838)
Net Parliamentary funding	374,072			374,072
Balance at 31 March 2012	12,665	2,596	0	15,261

¹ Changes in an entity's equity between the beginning and the end of the reporting period reflect the increase or decrease in its net assets during the period.

The Statement has been interpreted to include figures for net operating cost for the year and net Parliamentary funding for the year.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2013**

	2012-13 £000	2011-12 £000
Cash Flows from Operating Activities		
Net Operating Cost Before Interest	(392,324)	(370,687)
Depreciation and Amortisation	1,025	867
Impairments and Reversals	13,738	429
Other Gains / (Losses) on foreign exchange	0	0
Donated Assets received credited to revenue but non-cash	0	0
Government Granted Assets received credited to revenue but non-cash	0	0
Interest Paid	0	0
Release of PFI/deferred credit	0	0
(Increase)/Decrease in Inventories	0	0
(Increase)/Decrease in Trade and Other Receivables	(595)	1,850
(Increase)/Decrease in Other Current Assets	0	0
Increase/(Decrease) in Trade and Other Payables	(1,810)	2,309
(Increase)/Decrease in Other Current Liabilities	0	0
Provisions Utilised	(1,246)	(1,914)
Increase/(Decrease) in Provisions	2,352	572
Net Cash Inflow/(Outflow) from Operating Activities	(378,860)	(366,574)
Cash flows from investing activities		
Interest Received	0	0
(Payments) for Property, Plant and Equipment	(9,097)	(7,495)
(Payments) for Intangible Assets	0	0
(Payments) for Other Financial Assets	0	0
(Payments) for Financial Assets (LIFT)	0	0
Proceeds of disposal of assets held for sale (PPE)	0	0
Proceeds of disposal of assets held for sale (Intangible)	0	0
Proceeds from Disposal of Other Financial Assets	0	0
Proceeds from the disposal of Financial Assets (LIFT)	0	0
Loans Made in Respect of LIFT	0	0
Loans Repaid in Respect of LIFT	0	0
Rental Revenue	0	0
Net Cash Inflow/(Outflow) from Investing Activities	(9,097)	(7,495)
Net cash inflow/(outflow) before financing	(387,957)	(374,069)
Cash flows from financing activities		
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT	0	0
Net Parliamentary Funding	387,262	374,072
Capital Receipts Surrendered	0	0
Capital grants and other capital receipts	700	0
Cash Transferred (to)/from Other NHS Bodies (free text note required)	0	0
Net Cash Inflow/(Outflow) from Financing Activities	387,962	374,072
Net increase/(decrease) in cash and cash equivalents	5	3
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period	5	2
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies	0	0
Cash and Cash Equivalents (and Bank Overdraft) at year end	10	5

The Statement of Cash Flows provides information on PCT liquidity, viability and financial adaptability.

NOTES TO THE ACCOUNTS

The notes to the accounts provide additional details on the entries on the primary statements as well as additional disclosures, such as the accounting policies that the organisation follows when preparing its accounts.

NOTES TO THE ACCOUNTS

1. Accounting policies

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

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

The accounts for South Gloucestershire PCT have been prepared on a going concern basis. This takes into account the fact that the PCT has had the benefit of £9.7m planned support from Bristol PCT (£7.9m) and North Somerset PCT (£1.8m) in both 2011/12 and 2012/13.

For 2013/14 the main successor bodies to South Gloucestershire PCT, South Gloucestershire CCG and NHS England, have produced financial plans that place no reliance upon the continuation of this transfer of resource.

The 2013/14 financial plan for South Gloucestershire CCG sets out to achieve a surplus of 0.1% (£244k) and includes uncommitted headroom of 0.25% (£610k). The plan has been subject to intensive review through both the CCG authorisation process and the planning round review process overseen by NHS England. Through this process the CCG has been commended for its commitment to permanently resolve the underlying deficit it has inherited.

Whilst acknowledging that the CCG has a challenging financial context for 2013/14, through NHS England's involvement in the creation and review of that plan, NHS England have confidence in its delivery and, therefore, this supports the view of the entity as a going concern.

Under the provisions of The Health and Social Care Act 2012 (Commencement No.4. Transitional, Savings and Transitory Provisions) Order 2013, South Gloucestershire PCT was dissolved on 1st April 2013. The PCT's functions, assets and liabilities transferred to other public sector entities as outlined in Note 42.1 Events after the Reporting Period. Where reconfigurations of this nature take place within the public sector, Government accounting requires that the activities concerned are to be considered as continuing operations, and so the closing entity prepares accounts on a "going concern" basis.

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

1.1 Accounting Conventions

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

1.1.1 Acquisitions and Discontinued Operations

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

1.1.2 Critical accounting judgements and key sources of estimation uncertainty

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

1.1.3 Critical judgements in applying accounting policies

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

As a consequence of the Health and Social Care Act 2012, South Gloucestershire PCT will be dissolved on 31 March 2013. Its functions will be transferred to various new or existing public sector entities, notably Clinical Commissioning Groups (CCGs).

NOTES TO THE ACCOUNTS

1. Accounting policies

The commissioning functions of South Gloucestershire PCT are set to transfer to South Gloucestershire CCG, which has now been authorised.

The Secretary of State is making separate arrangements for dealing with the assets and liabilities of PCTs on dissolution of the PCTs. Whilst there remains uncertainty over the final arrangements for the PCT's dissolution the Directors have determined that these accounts can be prepared without adjustments to either the carrying values of liabilities or assets under the Health and Social Care Act 2012 and that it remains appropriate to prepare these accounts on a going concern basis as explained below.

The Secretary of State is responsible under the National Health Service Act 1996 for ensuring that any remaining liabilities of the PCT at the time of dissolution are dealt with by other Government bodies. The Directors of South Gloucestershire PCT have determined that, whilst final arrangements for the transfer of liabilities have still to be confirmed, no adjustments are required to liabilities based on the assurances they have received relating to settling outstanding liabilities.

The Secretary of State has confirmed the intention that remaining assets of the PCT will be transferred at net book value to other Government bodies. This may include the transfer of assets to other NHS bodies where necessary for the continued provision of services, such as transfers to NHS bodies that have taken over responsibility for provider functions of the PCT under Transforming Community Services or to a Social Enterprise. Other non-current assets, such as buildings including those accounted for under LIFT schemes, are expected to transfer to a NHS Property Company formed by the Department of Health. The final details of asset transfer arrangements have still to be finalised including how the PCT will receive book value for any assets transferred. However based on the assurances the Directors have received over the transfer of assets they have determined that no adjustments are required to asset values reported in these accounts as a consequence of the passing of the Health and Social Care Act 2012.

1.1.4 Key sources of estimation uncertainty

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

a) Modern Equivalent Asset (MEA) Valuation The asset valuation is a hybrid of properties valued by the district valuer appointed by the PCT and those where it is deemed appropriate to use an estimate based on similar properties.

b) Partially Completed Spells - The PCT has made an estimate and created an accrual in conjunction with its partner provider organisation of the value of partially completed episodes of care.

c) The PCT has calculated impairments against its fixed asset base using updated valuations from the District Valuer for larger assets and an estimate based on sampling for its smaller assets. Where an asset was impaired in the previous financial year and the charge taken to the Operating Cost statement and the asset value has increased in this financial year the impairment in the previous year has been unwound to the extent of the increase in value of the asset.

d) The PCT has analysed and reported revenue income and expenditure by "admin and programme". For PCTs, the Department has defined "admin and programme" in terms of running costs. The broad definition of running costs includes any cost incurred that is not a direct payment for the provision of healthcare or healthcare related services.

e) The PCT has received several claims for the retrospective costs of continuing healthcare. The PCT has estimated the total cost it would have to meet if all the claims were successful, and has shown the costs as partly provision (15%) and contingent liability (85%).

1.2 Revenue and Funding

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

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

NOTES TO THE ACCOUNTS

1. Accounting policies

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

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

1.3 Taxation

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

1.4 Administration and Programme Costs

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

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

For PCTs, the Department has defined "admin and programme" in terms of running costs.

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

1.5 Property, Plant & Equipment

1.5.1 Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the PCT;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual
- There are no lower threshold limits for recognising capital items.

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

1.5.2 Valuation

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

- The valuation for the 2012-13 accounts was carried out by Sharon Short (MRICS Chartered Valuation Surveyor) and Nigel Seaman (FRICS District Valuer) of District Valuer Services, which is part of the Valuation Office Agency.
- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

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

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

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

NOTES TO THE ACCOUNTS

1. Accounting policies

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

1.5.3 Subsequent expenditure

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

1.6 Intangible Assets

1.6.1 Recognition

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

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

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

1.6.2 Measurement

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

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

1.7 Depreciation, amortisation and impairments

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

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by an independent valuer. Equipment is depreciated on historic cost evenly over the estimated life of the asset. Depreciation charges are made following the month of acquisition.

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

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

NOTES TO THE ACCOUNTS

1. Accounting policies

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

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

1.8 Donated assets

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

1.9 Government grants

The PCT has none

1.10 Non-current assets held for sale

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

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

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

1.11 Inventories

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

1.12 Cash and cash equivalents

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

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

1.13 Losses and Special Payments

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

NOTES TO THE ACCOUNTS

1. Accounting policies

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

1.14 Clinical Negligence Costs

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

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

1.15 Employee benefits

1.15.1 Short-term employee benefits

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

1.15.2 Retirement benefit costs

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

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

1.16 Research and Development

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

1.17 Other expenses

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

1.18 Grant making

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

1.19 EU Emissions Trading Scheme

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

NOTES TO THE ACCOUNTS

1. Accounting policies

1.20 Contingencies

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

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

1.21 Leases

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

1.21.1 The PCT as lessee

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

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

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

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

1.21.2 The PCT as lessor

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

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

1.22 Foreign exchange

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

1.23 Provisions

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

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

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

NOTES TO THE ACCOUNTS

1. Accounting policies

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

1.24 Financial Instruments

1.24.1 Financial assets

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

Financial assets are initially recognised at fair value.

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

1.24.2 Financial assets at fair value through profit and loss

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

1.24.3 Held to maturity investments

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

1.24.4 Available for sale financial assets

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

1.24.5 Loans and receivables

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

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

1.24.6 Financial liabilities

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

Financial liabilities are initially recognised at fair value.

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

NOTES TO THE ACCOUNTS

1. Accounting policies

1.24.7 Financial liabilities at fair value through profit and loss

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

1.25 Private Finance Initiative (PFI) and NHS LIFT transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes (including NHS LIFT) where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. South Gloucestershire PCT does not have any infrastructure PFI schemes or NHS Lift Transactions

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

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

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

2 Operating segments

South Gloucestershire PCT has one operating segment, that of commissioning healthcare services for the population of South Gloucestershire. Details of income and expenditure relating to this segment can be found in notes 4 and 5.1.

Transactions with a single external provider amounting to 10% or more of total expenditure are as follows:

North Bristol NHS Trust- £131,517,000

An operating segment is a component of an entity:

- * that engages in business activities from which it may earn revenues and incur expenses;
- * whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- * for which discrete financial information is available.

3. Financial Performance Targets

3.1 Revenue Resource Limit

The PCTs' performance for the year ended 2012-13 is as follows:

	2012-13 £000	2011-12 £000
Total Net Operating Cost for the Financial Year		370,721
Net operating cost plus (gain)/loss on transfers by absorption	392,350	
Adjusted for prior period adjustments in respect of errors	0	0
Revenue Resource Limit	393,747	372,118
Under/(Over)spend Against Revenue Resource Limit (RRL)	1,397	1,397

Note: The PCT received planned financial support from Bristol Primary Care Trust (£7.9 million) and North Somerset Primary Care Trust (£1.8 million) during 2012/13, in accordance with the Shared Model for PCT Clusters published by the Department of Health on 28 July 2011. The PCT received £9.7 million planned financial support from the same PCTs in 2011/12.

Prior period adjustments in respect of errors

In respect of expenditure attributable to a prior period	0
In respect of (income) related to a prior period	0
Net PPA related to errors	0

There are no prior period adjustments

This note measures the PCT's performance against its statutory duty to operate within the revenue resource limit set by the Department of Health. This limit is the same as the prior year.

The revenue resource limit is the maximum the PCT can spend on commissioning and providing healthcare for its resident population.

3.2 Capital Resource Limit

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

	2012-13 £000	2011-12 £000
Capital Resource Limit	7,115	8,161
Charge to Capital Resource Limit	7,115	8,119
(Over)/Underspend Against CRL	0	42

This note measures the PCT's performance against its statutory duty to operate within the capital resource limit set by the Department of Health.

3.3 Under/(Over)spend against cash limit

	2012-13 £000	2011-12 £000
Total Charge to Cash Limit	387,262	374,072
Cash Limit	387,262	374,072
Under/(Over)spend Against Cash Limit	0	0

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

	2012-13 £000
Total cash received from DH (Gross)	338,479
Less: Trade Income from DH	0
Less/(Plus): movement in DH working balances	0
Sub total: net advances	338,479
(Less)/plus: transfers (to)/from other resource account bodies (free text note required)	0
Plus: cost of Dentistry Schemes (central charge to cash limits)	9,234
Plus: drugs reimbursement (central charge to cash limits)	39,549
Parliamentary funding credited to General Fund	387,262

4 Miscellaneous Revenue

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Fees and Charges	0	0	0	0
Dental Charge income from Contractor-Led GDS & PDS	4,460	0	4,460	4,400
Dental Charge income from Trust-Led GDS & PDS	0	0	0	0
Prescription Charge income	1,903	0	1,903	1,844
Strategic Health Authorities	65	0	65	199
NHS Trusts	2,124	0	2,124	2,850
NHS Foundation Trusts	24	0	24	5
Primary Care Trusts Contributions to DATs	135	0	135	135
Primary Care Trusts - Other	2,398	863	1,535	529
Primary Care Trusts - Lead Commissioning	0	0	0	0
English RAB Special Health Authorities	0	0	0	0
NDPBs and Others (CGA)	0	0	0	0
Department of Health - SMPTB	0	0	0	0
Department of Health - Other	0	0	0	0
Recoveries in respect of employee benefits	0	0	0	0
Local Authorities	569	0	569	1,826
Patient Transport Services	0	0	0	0
Education, Training and Research	481	0	481	390
Non-NHS: Private Patients	0	0	0	0
Non-NHS: Overseas Patients (Non-Reciprocal)	0	0	0	0
NHS Injury Costs Recovery	0	0	0	0
Other Non-NHS Patient Care Services	0	0	0	0
Charitable and Other Contributions to Expenditure	0	0	0	0
Receipt of donated assets	0	0	0	0
Receipt of Government granted assets	0	0	0	0
Rental revenue from finance leases	0	0	0	0
Rental revenue from operating leases	949	0	949	1,559
Other revenue	716	0	716	597
Total miscellaneous revenue	13,824	863	12,961	14,334

This note discloses the income that relates directly to the operating activities of the PCT. It excludes cash voted by Parliament and drawn down by the PCT which is credited directly to the General Fund.

This note provides an analysis of the PCT's gross operating income for the year. The total equals the sum of gross operating income which is split between administration and programme as shown on the Statement of Comprehensive Net Expenditure.

5. Operating Costs

5.1 Analysis of operating costs:

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 Total £000
Goods and Services from Other PCTs				
Healthcare	34,781		34,781	36,151
Non-Healthcare	3,169	2,954	215	956
Total	37,950	2,954	34,996	37,107
Goods and Services from Other NHS Bodies other than FTs				
Goods and services from NHS Trusts	161,859	0	161,859	160,529
Goods and services (other, excl Trusts, FT and PCT)	25	25	0	5,485
Total	161,884	25	161,859	166,014
Goods and Services from Foundation Trusts	39,779	0	39,779	37,736
Purchase of Healthcare from Non-NHS bodies ¹	39,796		39,796	32,059
Social Care from Independent Providers	0		0	0
Expenditure on Drugs Action Teams	1,981		1,981	1,837
Non-GMS Services from GPs	125	0	125	127
Contractor Led GDS & PDS (excluding employee benefits)	13,834		13,834	14,008
Salaried Trust-Led PDS & PCT DS (excluding employee benefits)	101		101	84
Chair, Non-executive Directors & PEC remuneration	16	16	0	226
Executive committee members costs	485	485	0	33
Consultancy Services	723	538	185	352
Prescribing Costs	33,905		33,905	34,347
G/PMS, APMS and PCTMS (excluding employee benefits)	35,656	0	35,656	36,565
Pharmaceutical Services	914		914	850
Local Pharmaceutical Services Pilots	0		0	0
New Pharmacy Contract	8,465		8,465	8,404
General Ophthalmic Services	2,415		2,415	2,443
Supplies and Services - Clinical	1,745	0	1,745	1,168
Supplies and Services - General	292	13	279	236
Establishment	622	447	175	510
Transport	186	0	186	217
Premises	1,934	492	1,442	2,297
Impairments & Reversals of Property, plant and equipment ²	13,738	0	13,738	429
Impairments and Reversals of non-current assets held for sale	0	0	0	0
Depreciation	1,012	0	1,012	791
Amortisation	13	0	13	76
Impairment & Reversals Intangible non-current assets	0	0	0	0
Impairment and Reversals of Financial Assets	0	0	0	0
Impairment of Receivables	0	0	0	(15)
Inventory write offs	0	0	0	0
Research and Development Expenditure	0	0	0	0
Audit Fees	107	107	0	171
Other Auditors Remuneration	0	0	0	0
Clinical Negligence Costs	0	0	0	0
Education and Training	46	33	13	87
Grants for capital purposes	2,260	0	2,260	1,990
Grants for revenue purposes	0	0	0	0
Impairments and reversals for investment properties	0	0	0	0
Other	1,224	797	427	144
Total Operating costs charged to Statement of Comprehensive Net Expenditure	401,208	5,907	395,301	380,293
Employee Benefits (excluding capitalised costs)				
Employee Benefits associated with PCTMS	0	0	0	0
Trust led PDS and PCT DS	0	0	0	0
PCT Officer Board Members	485	485	0	538
Other Employee Benefits	4,455	3,822	633	4,190
Total Employee Benefits charged to SOCNE	4,940	4,307	633	4,728
Total Operating Costs	406,148	10,214	395,934	385,021
Analysis of grants reported in total operating costs				
For capital purposes				
Grants to fund Capital Projects - GMS	154	0	154	0
Grants to Local Authorities to Fund Capital Projects	1,389	0	1,389	1,070
Grants to Private Sector to Fund Capital Projects	647	0	647	920
Grants to Fund Capital Projects - Dental	70	0	70	0
Grants to Fund Capital Projects - Other	0	0	0	0
Total Capital Grants	2,260	0	2,260	1,990
Grants to fund revenue expenditure				
To Local Authorities	0	0	0	0
To Private Sector	0	0	0	0
To Other	0	0	0	0
Total Revenue Grants	0	0	0	0
Total Grants	2,260	0	2,260	1,990

1. Purchase of Healthcare from Non-NHS bodies - significant increase in spend with Spire, Circle and other independent providers, Emerson's Green reclassification, new provision for CHC retrospective claims.

2. Impairments & Reversals of Property, plant and equipment - impairment on the completion of the Cossham capital scheme, revaluation of existing properties prior to transfer to NHS Property Services, Loss on the sale of Chipping Sodbury.

5. Operating Costs (cont)

5.1 Analysis of operating costs:

	Total	Commissioning Services	Public Health
PCT Running Costs 2012-13			
Running costs (£000s)	9,351	8,443	908
Weighted population (number in units)*	213,300	213,300	213,300
Running costs per head of population (£ per head)	<u>44</u>	<u>40</u>	<u>4</u>
PCT Running Costs 2011-12			
Running costs (£000s)	9,351	8,120	1,231
Weighted population (number in units)	213,300	213,300	213,300
Running costs per head of population (£ per head)	<u>44</u>	<u>38</u>	<u>6</u>

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

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

The PCT's Running Cost target for 2012-13 was the same as 2011-12.

This note provides an analysis of the PCT's gross operating costs for the year for the PCT. The total equals the sum of gross operating costs which is split in 2012/13 between administration and programme as shown on the Statement of Comprehensive Net Expenditure.

5.2 Analysis of operating expenditure by expenditure classification	2012-13	2011-12
	£000	£000
Purchase of Primary Health Care		
GMS / PMS/ APMS / PCTMS	35,655	36,565
Prescribing costs	33,903	34,347
Contractor led GDS & PDS	13,834	14,008
Trust led GDS & PDS	101	84
General Ophthalmic Services	2,415	2,443
Department of Health Initiative Funding	0	0
Pharmaceutical services	914	850
Local Pharmaceutical Services Pilots	0	0
New Pharmacy Contract	8,465	8,404
Non-GMS Services from GPs	125	127
Other	0	0
Total Primary Healthcare purchased	<u>95,412</u>	<u>96,828</u>
Purchase of Secondary Healthcare		
Learning Difficulties	2,447	3,908
Mental Illness	26,248	26,399
Maternity	9,965	9,898
General and Acute	177,083	173,815
Accident and emergency	13,048	12,561
Community Health Services	25,068	24,370
Other Contractual	22,662	21,789
Total Secondary Healthcare Purchased	<u>276,521</u>	<u>272,740</u>
Grant Funding		
Grants for capital purposes	2,260	1,990
Grants for revenue purposes	0	0
Total Healthcare Purchased by PCT	<u>374,193</u>	<u>371,558</u>
PCT self-provided secondary healthcare included above	0	0
Social Care from Independent Providers	0	0
Healthcare from NHS FTs included above	39,349	37,558

The purpose of this note is to analyse the PCT's total expenditure on patient treatment for its own patients only. The note provides details of both primary and secondary health care purchased and provided by the PCT for its patients. This includes those secondary health care services that the PCT 'commissions' internally from itself. All of the items included in this note will also have been recorded under various lines on Note 5.1 and Note 4.

6. Operating Leases

6.1 PCT as lessee	Land £000	Buildings £000	Other £000	2012-13	2011-12
				Total £000	£000
Payments recognised as an expense					
Minimum lease payments				675	917
Contingent rents				0	0
Sub-lease payments				0	0
Total				675	917
Payable:					
No later than one year	0	694	8	702	917
Between one and five years	0	2,387	24	2,411	2,492
After five years	0	345	0	345	345
Total	0	3,426	32	3,458	3,754

Total future sublease payments expected to be received 0 0

The PCT makes payments on operating leases in a number of areas -the most significant amount relates to the Independent Treatment Centre at Emerson's Green. The estimated value is based on 12% (the amount deemed to relate to estate costs) of the full year contract value.

NHS South Gloucestershire has certain financial arrangements involving the use of GP premises. Under IAS 17 the PCT has determined that these operating leases must be recognised, but, as there is no defined term in the arrangements entered into, it is not possible to analyse the arrangements over financial years. The financial value included in the Operating Cost Statement for 2012/13 is £2.242m (for 2011-12 is £2.238 million). The PCT has 26 GP practices.

6.2 PCT as lessor

The PCT leases out space in Health Centres to GP practices. It also leases space in Yate Health Centre to Boots UK Ltd to provide pharmaceutical services.

Following the separation and transfer of the provider arm, the PCT now leases space to North Bristol Trust and the Community Health Service

Recognised as income	2012-13	2011-12
	£000	£000
Rental Revenue	949	1,559
Contingent rents	0	0
Total	949	1,559
Receivable:		
No later than one year	949	1,559
Between one and five years	2,601	3,498
After five years	5,872	3,284
Total	9,422	8,341

This note identifies the amount included in operating expenses in respect of operating lease agreements. It also highlights the amounts the PCT is liable for under non-cancellable leases over the next five years.

All operating leases relating to items with a purchase cost above the capitalisation limit are regarded as non-cancellable.

7. Employee benefits and staff numbers

7.1 Employee benefits

	2012-13			Permanently employed			Total £000	Other Admin £000	Programme £000
	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000			
Employee Benefits - Gross Expenditure									
Salaries and wages	4,047	3,517	530	3,611	3,124	487	436	393	43
Social security costs	284	245	39	284	245	39	0	0	0
Employer Contributions to NHS BSA - Pensions Division	468	404	64	468	404	64	0	0	0
Other pension costs	0	0	0	0	0	0	0	0	0
Other post-employment benefits	0	0	0	0	0	0	0	0	0
Other employment benefits	0	0	0	0	0	0	0	0	0
Termination benefits	185	185	0	185	185	0	0	0	0
Total employee benefits	4,984	4,351	633	4,548	3,958	590	436	393	43
Less recoveries in respect of employee benefits (table below)	0	0	0	0	0	0	0	0	0
Total - Net Employee Benefits including capitalised costs	4,984	4,351	633	4,548	3,958	590	436	393	43
Employee costs capitalised	44	44	0	44	44	0	0	0	0
Gross Employee Benefits excluding capitalised costs	4,940	4,307	633	4,504	3,914	590	436	393	43
Recognised as:									
Commissioning employee benefits	4,940			4,504			436		
Provider employee benefits	0			0			0		
Gross Employee Benefits excluding capitalised costs	4,940			4,504			436		

Permanently employed staff are directly employed by the PCT and include those on outward secondment or on loan to other organisations (although the recovery of the cost of these staff is netted off). Other staff relate to those on inward secondment or loan from other organisations, bank/agency/temporary staff and contract staff.

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

Employee Benefits - Prior-year

	Total £000	Permanently employed £000	Other £000
Employee Benefits Gross Expenditure 2011-12			
Salaries and wages	4,027	3,718	309
Social security costs	289	289	0
Employer Contributions to NHS BSA - Pensions Division	518	518	0
Other pension costs	25	0	25
Other post-employment benefits	0	0	0
Other employment benefits	0	0	0
Termination benefits	0	0	0
Total gross employee benefits	4,859	4,525	334
Less recoveries in respect of employee benefits	0	0	0
Total - Net Employee Benefits including capitalised costs	4,859	4,525	334
Employee costs capitalised	131	88	43
Gross Employee Benefits excluding capitalised costs	4,728	4,437	291
Recognised as:			
Commissioning employee benefits	4,728		
Provider employee benefits	0		
Gross Employee Benefits excluding capitalised costs	4,728		

7.2 Staff Numbers

	2012-13			2011-12		
	Total Number	Permanently employed Number	Other Number	Total Number	Permanently employed Number	Other Number
Average Staff Numbers						
Medical and dental	0	0	0	2	2	0
Ambulance staff	0	0	0	0	0	0
Administration and estates	86	79	7	79	71	8
Healthcare assistants and other support staff	3	3	0	5	5	0
Nursing, midwifery and health visiting staff	13	13	0	15	15	0
Nursing, midwifery and health visiting learners	0	0	0	0	0	0
Scientific, therapeutic and technical staff	5	5	0	7	7	0
Social Care Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	107	100	7	108	100	8
Of the above - staff engaged on capital projects	1	1	0	3	2	1

This table is analysed over the same column headings as staff costs included within Note 7.1 above. The same definitions apply.

7.3 Staff Sickness absence and ill health retirements

	2012-13 Number	2011-12 Number
Total Days Lost	716	1,226
Total Staff Years	101	210
Average working Days Lost	7.09	5.84
	2012-13 Number	2011-12 Number
Number of persons retired early on ill health grounds	0	0
	£000s	£000s
Total additional pensions liabilities accrued in the year	0	0

7.4 Exit Packages agreed during 2012-13

Exit package cost band (including any special payment element)	2012-13			2011-12		
	*Number of compulsory redundancies	*Number of other departures agreed	Total number of exit packages by cost band	*Number of compulsory redundancies	*Number of other departures agreed	Total number of exit packages by cost band
	Number	Number	Number	Number	Number	Number
Less than £10,000	1	0	1	0	0	0
£10,001-£25,000	0	0	0	0	0	0
£25,001-£50,000	0	0	0	0	0	0
£50,001-£100,000	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	1	0	1	0	0	0
>£200,000	0	0	0	0	0	0
Total number of exit packages by type (total cost)	2	0	2	0	0	0
	£s	£s	£s	£s	£s	£s
Total resource cost	185,202	0	185,202	0	0	0

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

The resource cost of £185,202 represents the total cost of the redundancy of NHS South Gloucestershire employees and a proportion has been recharged to NHS Bristol and NHS North Somerset. Similarly NHS South Gloucestershire has contributed toward exit packages for NHS Bristol and NHS North Somerset staff costs only for staff who work across the cluster the net cost to NHS South Gloucestershire was £200,314.

7.5 Pensions Costs

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

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

a) Accounting valuation

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

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

b) Full actuarial (funding) valuation

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

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

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

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

c) Scheme provisions

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

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

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

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

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

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

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

8. Better Payment Practice Code

8.1 Measure of compliance

	2012-13 Number	2012-13 £000	2011-12 Number	2011-12 £000
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	11,066	63,137	8,734	49,099
Total Non-NHS Trade Invoices Paid Within Target	10,697	61,353	8,598	48,115
Percentage of NHS Trade Invoices Paid Within Target	96.67%	97.17%	98.44%	98.00%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	2,731	246,850	2,670	240,896
Total NHS Trade Invoices Paid Within Target	2,670	245,625	2,624	240,474
Percentage of NHS Trade Invoices Paid Within Target	97.77%	99.50%	98.28%	99.82%

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

This note shows the PCT's performance against its administrative duty to pay over 95% of non-NHS trade creditors within 30 calendar days of receipt of goods or valid invoice, whichever is later, unless other payment terms have been agreed.

Since 2005/06 NHS organisations have also been required to report payment performance with respect to other NHS bodies.

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

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

This note relates to the prompt payment code legislation which allows entities to claim interest from other entities on debts incurred under contracts.

9. Investment Income

South Gloucestershire PCT had no investment income in 2012-13 or in the prior year 2011-12

This note discloses the interest earned on investments.

10. Other Gains and Losses

South Gloucestershire PCT had no other gains or losses in 2012-13 or in the prior year 2011-12

The total in this note equals the amounting figure (charged)/ credited to the Statement of Comprehensive Net Expenditure.

11. Finance Costs

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Interest				
Interest on obligations under finance leases	0	0	0	0
Interest on obligations under PFI contracts:				
- main finance cost	0	0	0	0
- contingent finance cost	0	0	0	0
Interest on obligations under LIFT contracts:				
- main finance cost	0	0	0	0
- contingent finance cost	0	0	0	0
Interest on late payment of commercial debt	0	0	0	0
Other interest expense	0	0	0	0
Total interest expense	0	0	0	0
Other finance costs	0	0	0	0
Provisions - unwinding of discount	26	0	26	34
Total	26	0	26	34

This note identifies the PCT's interest costs, including the unwinding of discounts on provisions, and corresponds with the amount shown on the Statement of Comprehensive Net Expenditure.

12.1 Property, plant and equipment

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
2012-13									
Cost or valuation:									
At 1 April 2012	5,055	13,245	0	15,662	829	0	1,675	175	36,641
Additions of Assets Under Construction				7,768					7,768
Additions Purchased	0	0	0		0	0	47	0	47
Additions Donated	0	0	0	0	0	0	0	0	0
Additions Government Granted	0	0	0	0	0	0	0	0	0
Additions Leased	0	0	0		0	0	0	0	0
Reclassifications	0	9,648	0	(10,891)	1,243	0	0	0	0
Reclassifications as Held for Sale	0	0	0	0	0	0	0	0	0
Removal of Accumulated Depreciation	0	(1,443)	0	0	0	0	0	0	(1,443)
Upward revaluation/positive indexation	0	344	0	0	0	0	0	0	344
Impairments/negative indexation	(15)	(116)	0	0	0	0	0	0	(131)
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	0
At 31 March 2013	5,040	21,678	0	12,539	2,072	0	1,722	175	43,226
Depreciation									
At 1 April 2012	0	0	0	0	190	0	938	47	1,175
Reclassifications	0	0	0		0	0	0	0	0
Reclassifications as Held for Sale	0	0	0		0	0	0	0	0
Removal of Accumulated Depreciation	(59)	(1,534)	0		0	0	0	0	(1,593)
Upward revaluation/positive indexation	0	0	0		0	0	0	0	0
Impairments	59	1,140	0	12,539	0	0	0	0	13,738
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Charged During the Year	0	394	0		207	0	394	17	1,012
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	0
At 31 March 2013	0	0	0	12,539	397	0	1,332	64	14,332
Net Book Value at 31 March 2013	5,040	21,678	0	0	1,675	0	390	111	28,894
Purchased	5,040	21,678	0	0	1,675	0	390	111	28,894
Donated	0	0	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0	0	0
Total at 31 March 2013	5,040	21,678	0	0	1,675	0	390	111	28,894
Asset financing:									
Owned	5,040	21,678	0	0	1,675	0	390	111	28,894
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SOFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual: interests	0	0	0	0	0	0	0	0	0
Total at 31 March 2013	5,040	21,678	0	0	1,675	0	390	111	28,894

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2012	795	1,538	0	0	11	0	0	5	2,349
Movements (specify)	(15)	228	0	0	0	0	0	0	213
At 31 March 2013	780	1,766	0	0	11	0	0	5	2,562

Additions to Assets Under Construction in 2012-13

	£000
Land	0
Buildings excl Dwellings	7,768
Dwellings	0
Plant & Machinery	0
Balance as at YTD	7,768

Property, plant and equipment is a sub-classification of the total non-current assets recorded on the PCT's Statement of Financial Position, and are analysed as follows:

- * Land: not depreciated, because it is considered to have an infinite life;
- * Buildings: the structure of a site as well as the fabric of the building and will include, internal and external walls, roofs and windows;
- * Assets under construction: are not depreciated, because depreciation is only appropriate when assets are in operational use;
- * Information technology: personal computers held within GP surgeries and within PCT administrative buildings, network servers and communication equipment;
- * Furniture and fittings: assets include office furniture (desks, chairs), general furniture (sofas, chairs and wardrobes) and soft furniture (curtains, blinds).

12.2 Property, plant and equipment

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
2011-12	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:									
At 1 April 2011	5,558	14,374	0	7,712	42	787	1,618	807	30,898
Additions - purchased	0	112	0	7,950	0	0	57	0	8,119
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	787	(787)	0	0	0
Reclassified as held for sale	(409)	(441)	0	0	0	0	0	0	(850)
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Revaluation & indexation gains	57	86	0	0	0	0	0	0	143
Impairments	(151)	(119)	0	0	0	0	0	(17)	(287)
Reversals of impairments	0	0	0	0	0	0	0	0	0
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	0
Cumulative dep netted off cost following revaluation	0	(767)	0	0	0	0	0	(615)	(1,382)
At 31 March 2012	5,055	13,245	0	15,662	829	0	1,675	175	36,641
Depreciation									
At 1 April 2011	0	419	0		11	95	657	155	1,337
Reclassifications	0	0	0		175	(175)	0	0	0
Reclassifications as Held for Sale	0	0	0		0	0	0	0	0
Disposals other than for sale	0	0	0		0	0	0	0	0
Upward revaluation/positive indexation	0	0	0		0	0	0	0	0
Impairments	0	112	0	0	0	0	0	490	602
Reversal of Impairments	0	(173)	0	0	0	0	0	0	(173)
Charged During the Year	0	409	0		4	80	281	17	791
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	0
Cumulative dep netted off cost following revaluation	0	(767)	0	0	0	0	0	(615)	(1,382)
At 31 March 2012	0	0	0	0	190	0	938	47	1,175
Net Book Value at 31 March 2012	5,055	13,245	0	15,662	639	0	737	128	35,466
Purchased	5,055	13,245	0	15,662	639	0	737	128	35,466
Donated	0	0	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0	0	0
At 31 March 2012	5,055	13,245	0	15,662	639	0	737	128	35,466
Asset financing:									
Owned	5,055	13,245	0	15,662	639	0	737	128	35,466
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SOFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual: interests	0	0	0	0	0	0	0	0	0
At 31 March 2012	5,055	13,245	0	15,662	639	0	737	128	35,466

12.3 Property, plant and equipment

The effective date of revaluation of PCT assets is 31 March 2013. All land and buildings were valued by Sharon Short (MRICS Chartered Valuation Surveyor) and Nigel Seaman (FRICS District Valuer). The District Valuer is independent of NHS South Gloucestershire.

Under modern equivalent asset valuation techniques, where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives. As a result some components of a building were deemed by the District Valuer to have a remaining useful economic life of one year.

The economic lives of fixed assets are:

	Minimum Life Years	Maximum Life Years
Buildings	7	70
Plant & Machinery	6	8
Transport	1	8
Information Technology ¹	1	4
Furniture & Fittings	1	8

The PCT received £13,410,000 of additional resources to fund the impairment of assets in 2012-13 (£429,000 2011-12).

1. Information Technology - Maximum asset life changed from 5 years to 4 years resulting in an extra charge of £146k in year.

13.1 Intangible non-current assets

2012-13	Software internally generated £000	Software purchased £000	Licences & trademarks £000	Patents £000	Development expenditure £000	Total £000
At 1 April 2012	0	292	0	0	0	292
Additions - purchased	0	0	0	0	0	0
Additions - internally generated	0	0	0	0	0	0
Additions - donated	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0
Additions Leased	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation & indexation gains	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
In-year transfers to/from NHS bodies	0	0	0	0	0	0
At 31 March 2013	0	292	0	0	0	292
Amortisation						
At 1 April 2012	0	279	0	0	0	279
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation or indexation gains	0	0	0	0	0	0
Impairments charged to operating expenses	0	0	0	0	0	0
Reversal of impairments charged to operating expenses	0	0	0	0	0	0
Charged during the year	0	13	0	0	0	13
In-year transfers to NHS bodies	0	0	0	0	0	0
At 31 March 2013	0	292	0	0	0	292
Net Book Value at 31 March 2013	0	0	0	0	0	0
Net Book Value at 31 March 2013 comprises						
Purchased	0	0	0	0	0	0
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
Total at 31 March 2013	0	0	0	0	0	0

Revaluation reserve balance for intangible non-current assets

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

Intangible non-current assets are defined as brand value or some other right, which although invisible is likely to derive financial benefit for its owner in the future, and for which you might be willing to pay.

13.2 Intangible non-current assets

2011-12	Software internally generated £000	Software purchased £000	Licences & trademarks £000	Patents £000	Development expenditure £000	Total £000
At 1 April 2011	0	292	0	0	0	292
Additions - purchased	0	0	0	0	0	0
Additions - internally generated	0	0	0	0	0	0
Additions - donated	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation & indexation gains	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
In-year transfers to/from NHS bodies	0	0	0	0	0	0
Cumulative dep netted off cost following revaluation	0	0	0	0	0	0
At 31 March 2012	0	292	0	0	0	292
Amortisation						
At 1 April 2011	0	203	0	0	0	203
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation or indexation gains	0	0	0	0	0	0
Impairments charged to operating expenses	0	0	0	0	0	0
Reversal of impairments charged to operating expenses	0	0	0	0	0	0
Charged during the year	0	76	0	0	0	76
In-year transfers to NHS bodies	0	0	0	0	0	0
Less cumulative dep written down on revaluation	0	0	0	0	0	0
At 31 March 2012	0	279	0	0	0	279
Net Book Value at 31 March 2012	0	13	0	0	0	13
Net Book Value at 31 March 2012 comprises						
Purchased	0	13	0	0	0	13
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
Total at 31 March 2012	0	13	0	0	0	13

13.3 Intangible non-current assets

The PCT's intangible non-current assets represent the software owned by the PCT and have an asset

Economic Lives of Non-Current Assets

	Min Life	Max Life
	Years	Years
Intangible Assets		
Software Licences	1	3
Licences and Trademarks	0	0
Patents	0	0
Development Expenditure	0	0

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

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000
Property, Plant and Equipment impairments and reversals taken to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Over-specification of assets	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	0	0	0
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	13,256		13,256
Changes in market price	482		482
Total charged to Annually Managed Expenditure	13,738		13,738
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve			
Loss or damage resulting from normal operations	0		
Over Specification of Assets	0		
Abandonment of assets in the course of construction	0		
Unforeseen obsolescence	0		
Loss as a result of catastrophe	0		
Other	0		
Changes in market price	131		
Total impairments for PPE charged to reserves	131		
Total Impairments of Property, Plant and Equipment	13,869	0	13,738
Intangible assets impairments and reversals charged to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Over-specification of assets	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	0	0	0
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	0		0
Changes in market price	0		0
Total charged to Annually Managed Expenditure	0		0
Intangible Assets impairments and reversals charged to the Revaluation Reserve			
Loss or damage resulting from normal operations	0		
Over-specification of assets	0		
Abandonment of assets in the course of construction	0		
Unforeseen obsolescence	0		
Loss as a result of catastrophe	0		
Other	0		
Changes in market price	0		
Total impairments for Intangible Assets charged to Reserves	0		
Total Impairments of Intangibles	0	0	0
Financial Assets charged to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Total charged to Departmental Expenditure Limit	0	0	0
Loss as a result of catastrophe	0		0
Other	0		0
Total charged to Annually Managed Expenditure	0		0
Financial Assets impairments and reversals charged to the Revaluation Reserve			
Loss or damage resulting from normal operations	0		
Loss as a result of catastrophe	0		
Other	0		
TOTAL impairments for Financial Assets charged to reserves	0		
Total Impairments of Financial Assets	0	0	0

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

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000
Non-current assets held for sale - impairments and reversals charged to SoCNE.			
Loss or damage resulting from normal operations	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	0	0	0
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	0		0
Changes in market price	0		0
Total charged to Annually Managed Expenditure	0		0
Total impairments of non-current assets held for sale	0	0	0
Inventories - impairments and reversals charged to SoCNE			
Loss or Damage Resulting from Normal Operations	0	0	0
Total charged to Departmental Expenditure Limit	0	0	0
Unforeseen Obsolescence	0		0
Loss as a Result of a Catastrophe	0		0
Other (Free text note required)*	0		0
Changes in Market Price	0		0
Total charged to Annually Managed Expenditure	0		0
Total impairments of Inventories	0	0	0
Investment Property impairments charged to SoCNE			
Loss or Damage Resulting from Normal Operations	0	0	0
Total charged to Departmental Expenditure Limit	0	0	0
Unforeseen Obsolescence	0		0
Loss as a Result of a Catastrophe	0		0
Other (Free text note required)*	0		0
Changes in Market Price	0		0
Total charged to Annually Managed Expenditure	0		0
Total Investment Property impairments charged to SoCNE	0	0	0
Investment Property impairments and reversals charged to the Revaluation Reserve			
Loss or Damage Resulting from Normal Operations	0		
Over Specification of Assets	0		
Abandonment of Assets in the Course of Construction	0		
Unforeseen Obsolescence	0		
Loss as a Result of a Catastrophe	0		
Other (Free text note required)*	0		
Changes in Market Price	0		
TOTAL impairments for Investment Property charged to Reserves	0		
Total Investment Property Impairments	0	0	0
Total Impairments charged to Revaluation Reserve	131		
Total Impairments charged to SoCNE - DEL	0	0	0
Total Impairments charged to SoCNE - AME	13,738		13,738
Overall Total Impairments	13,869	0	13,738
Of which:			
Impairment on revaluation to "modern equivalent asset" basis	13,738	0	13,738
Donated and Gov Granted Assets, included above -			
PPE - Donated and Government Granted Asset Impairments: amount charged to SoCNE - DEL*	0	0	0
Intangibles - Donated and Government Granted Asset Impairments: amount charged to SoCNE -AME*	0	0	0

1. Total impairments include Cossham capital scheme, revaluation of existing properties prior to transfer to Property Services, Loss on the sale of Chipping Sodbury, impaired Brook office IT equipment

This note identifies any losses of and damage to non-current assets that reduce the recoverable amount to below its book value.

15 Investment property

South Gloucestershire PCT had no investment property in 2012-13 or in the prior year 2011-12

16 Commitments

16.1 Capital commitments

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

	2012-13 £000	2011-12 £000
Property, plant and equipment	0	5,803
Intangible assets	0	0
Total	<u>0</u>	<u>5,803</u>

16.2 Other financial commitments

South Gloucestershire PCT had no other financial commitments in 2012-13 or in the prior year 2011-12

Other financial commitments are non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements)

17 Intra-Government and other balances

	Current receivables £000s	Non-current receivables £000s	Current payables £000s	Non-current payables £000s
Balances with other Central Government Bodies	1,752	0	2,427	0
Balances with Local Authorities	219	0	1,378	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	453	0	3,027	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	1,284	0	12,164	420
At 31 March 2013	<u>3,708</u>	<u>0</u>	<u>18,996</u>	<u>420</u>
prior period:				
Balances with other Central Government Bodies	365	0	2,785	0
Balances with Local Authorities	538	0	544	0
Balances with NHS Trusts and Foundation Trusts	373	0	2,115	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	1,837	0	16,619	445
At 31 March 2012	<u>3,113</u>	<u>0</u>	<u>22,063</u>	<u>445</u>

18 Inventories

South Gloucestershire PCT had no inventories in 2012-13 or in the prior year 2011-12

19.1 Trade and other receivables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
NHS receivables - revenue	2,205	690	0	0
NHS receivables - capital	0	0	0	0
NHS prepayments and accrued income	0	48	0	0
Non-NHS receivables - revenue	666	823	0	0
Non-NHS receivables - capital	0	0	0	0
Non-NHS prepayments and accrued income	603	938	0	0
Provision for the impairment of receivables	0	(42)	0	0
VAT	234	245	0	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	0	0	0	0
Interest receivables	0	0	0	0
Finance lease receivables	0	0	0	0
Operating lease receivables	0	0	0	0
Other receivables	0	411	0	0
Total	3,708	3,113	0	0
Total current and non current	3,708	3,113		
Included above:				
Prepaid pensions contributions	0	0		

This note analyses the amounts owing to the PCT at the Statement of Financial Position date. The great majority of trade is with other NHS bodies, including other Primary Care Trusts as commissioners for NHS patient care services. As Primary Care Trusts are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary.

19.2 Receivables past their due date but not impaired

	31 March 2013 £000	31 March 2012 £000
By up to three months	0	0
By three to six months	0	0
By more than six months	0	0
Total	0	0

The PCT does not have any receivables past their due date but not impaired

This note analyses the length of time beyond their due date the amounts owing to the PCT at the Statement of Financial Position date have been outstanding.

19.3 Provision for impairment of receivables

	31 March 2013 £000	31 March 2012 £000
Balance as 1 April 2012	(42)	(57)
Amount written off during the year	42	0
Amount recovered during the year	0	0
(Increase)/decrease in receivables impaired	0	15
Balance as at 31 March 2013	0	(42)

Aged receivables are categorised by period outstanding and apply a percentage based upon previous assessment of irrecoverable receivable.

20 NHS LIFT investments

South Gloucestershire PCT had no LIFT investments in 2012-13 or in the prior year 2011-12

21 Other financial assets

South Gloucestershire PCT had no other financial assets in 2012-13 or in the prior year 2011-12

22 Other current assets

South Gloucestershire PCT had no other current assets in 2012-13 or in the prior year 2011-12

Financial instruments are a broad range of assets and liabilities that arise from contracts and result in a financial asset being created in one entity and a financial liability in another. This note discloses the interest rate risks arising from the PCT's financial assets and liabilities, which largely comprise items due after more than one year, such as long-term debtors and creditors, and provisions made under contract.

23 Cash and Cash Equivalents

	31 March 2013	31 March 2012
	£000	£000
Opening balance	5	2
Net change in year	5	3
Closing balance	<u>10</u>	<u>5</u>
Made up of		
Cash with Government Banking Service	8	4
Commercial banks	0	0
Cash in hand	2	1
Current investments	0	0
Cash and cash equivalents as in statement of financial position	<u>10</u>	<u>5</u>
Bank overdraft - Government Banking Service	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in statement of cash flows	<u>10</u>	<u>5</u>
Patients' money held by the PCT, not included above	0	0

There is no cash held on behalf of patients included under 'cash held at bank or in hand' or within creditors, separately.

24 Non-current assets held for sale

	Land	Buildings, excl. dwellings	Dwellings	Asset Under Construction and Payments on Account	Plant and Machinery	Transport and Equipment	Information Technology	Furniture and Fittings	Intangible Assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 1 April 2012										
Plus assets classified as held for sale in the year	409	441	0	0	0	0	0	0	0	850
Less assets sold in the year	(409)	(441)	0	0	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0	0	0	0	(850)
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0	0	0	0	0
Transfers (to)/from other public sector bodies	0	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0	0
Balance as at 31 March 2013	0	0	0	0	0	0	0	0	0	0
Liabilities associated with assets for sale as at 31 March 2013	0	0	0	0	0	0	0	0	0	0
Balance as at 1 April 2011										
Plus assets classified as held for sale in the year	409	441	0	0	0	0	0	0	0	850
Less assets sold in the year	0	0	0	0	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0	0	0	0	0
Balance as at 31 March 2012	409	441	0	0	0	0	0	0	0	850
Liabilities associated with assets for sale as at 31 March 2012	0	0	0	0	0	0	0	0	0	0

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

At 31 March 2012	247
At 31 March 2013	0

Chipping Sodbury Day Centre and Chipping Sodbury Clinic land and buildings were sold in 2012

25 Trade and other payables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Interest payable	0	0		
NHS payables - revenue	5,453	3,550	0	0
NHS payables - capital	0	0	0	0
NHS accruals and deferred income	0	1,350	0	0
Family Health Services (FHS) payables	9,328	9,101		
Non-NHS payables - revenue	4,024	860	0	0
Non-NHS payables - capital	76	1,358	0	0
Non_NHS accruals and deferred income	110	5,745	0	0
Social security costs	0	45		
VAT	0	0	0	0
Tax	5	54		
Payments received on account	0	0	0	0
Other	0	0	420	445
Total	18,996	22,063	420	445
Total payables (current and non-current)	19,416	22,508		

26 Other liabilities

South Gloucestershire PCT had no other liabilities in 2012-13 or in the prior year 2011-12

27 Borrowings

South Gloucestershire PCT had no borrowings in 2012-13 or in the prior year 2011-12

28 Other financial liabilities

South Gloucestershire PCT had no other financial liabilities in 2012-13 or in the prior year 2011-12

29 Deferred income

South Gloucestershire PCT had no deferred income in 2012-13 or in the prior year 2011-12

30 Finance lease obligations

South Gloucestershire PCT had no finance lease obligations in 2012-13 or in the prior year 2011-12

31 Finance lease receivables as lessor

South Gloucestershire PCT had no finance lease receivables as lessor in 2012-13 or in the prior year 2011-12

32 Provisions

	Comprising									
	Total £000s	Pensions to Former Directors £000s	Pensions Relating to Other Staff £000s	Legal Claims £000s	Restructuring £000s	Continuing Care £000s	Equal Pay £000s	Agenda for Change £000s	Other £000s	Redundancy £000s
Balance at 1 April 2012	1,678	0	1,131	0	0	0	0	0	547	0
Arising During the Year	2,926	0	116	0	0	2,465	0	0	345	0
Utilised During the Year	(1,246)	0	(1,219)	0	0	0	0	0	(27)	0
Reversed Unused	(574)	0	(54)	0	0	0	0	0	(520)	0
Unwinding of Discount	28	0	26	0	0	0	0	0	0	0
Change in Discount Rate	0	0	0	0	0	0	0	0	0	0
Transferred (to)/from other Public Sector bodies	0	0	0	0	0	0	0	0	0	0
Balance at 31 March 2013	2,810	0	0	0	0	2,465	0	0	345	0
Expected Timing of Cash Flows:										
No Later than One Year	2,810	0	0	0	0	2,465	0	0	345	0
Later than One Year and not later than Five Years	0	0	0	0	0	0	0	0	0	0
Later than Five Years	0	0	0	0	0	0	0	0	0	0

Amount included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:
As at 31 March 2013 203
As at 31 March 2012 0

Other provisions of £345,000 relate to disclaimations of Corum Park, Brook Office and Fountain Court

In establishing a provision for the potential costs of claimants for periods of unassessed care the PCT has estimated the financial liability using three variables,

1. the number of weeks of eligibility, supported by evidence of the claim period
2. the cost per week, supported by the actual weekly cost of nursing homes in the health economy, and
3. the rate of conversion.

The factors that affect our assessment of the possible number of successful claims includes whether the claimant was already known to the system, either through having previously been assessed for CHC, were in receipt of a registered nursing care contribution or in the care of social services. The PCT has assumed a rate of conversion of 15%, supported by the professional opinion of the CHC nursing and administrative team. A test of the cohort of claimants supports the reasonableness of the provision.

33 Contingencies

	31 March 2013 £000	31 March 2012 £000
Contingent liabilities ¹	0	0
Equal Pay	(13,969)	0
Other	0	0
Amounts Recoverable Against Contingent Liabilities	0	0
Net Value of Contingent Liabilities	(13,969)	0

There are potential claims in relation to a care home but at present these are unquantified and could range between £30,000 to £5m for the most severely affected patients. The claimants have not yet given enough information to enable this level of detail to be provided.

Contingent Assets²

Contingent Assets	4,397
Net Value of Contingent Assets	4,397

1. Contingent liabilities relates to 85% of the worse case scenario (255 cases) for CHC retropectives
2. Contingent asset relates to where the PCT is the beneficiary of a legal charge for an asset owned by a 3rd party. Residential and Nursing home accommodation for people with learning difficulties were sold to independent providers under a grant funded agreement and the NHS remained a beneficiary of the repayment terms from any future sale of those properties.

Note 34. PFI and LIFT

The PCT does not have any PFI or LIFT expenditure or commitments

Note 35. Impact of IFRS treatment - 2012/13

This note identifies impacts to revenue expenditure flowing from the implementation of IFRS and where DH budgetary treatments may differ from the IFRS treatment. There is no impact for 2012-13.

36 Financial Instruments

Financial risk management

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

Currency risk

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

Interest rate risk

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

Credit Risk

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

Liquidity Risk

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

36.1 Financial Assets

	At 'fair value through profit and loss' £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0			0
Receivables - NHS		2,205		2,205
Receivables - non-NHS		1,204		1,204
Cash at bank and in hand		10		10
Other financial assets	0	0	0	0
Total at 31 March 2013	0	3,419	0	3,419
Embedded derivatives	0			0
Receivables - NHS		738		738
Receivables - non-NHS		1,761		1,761
Cash at bank and in hand		5		5
Other financial assets	0	411	0	411
Total at 31 March 2012	0	2,915	0	2,915

36.2 Financial Liabilities

	At 'fair value through profit and loss' £000	Other £000	Total £000
Embedded derivatives	0		0
NHS payables		5,453	5,453
Non-NHS payables		13,538	13,538
Other borrowings		0	0
PFI & finance lease obligations		0	0
Total at 31 March 2013	0	18,991	18,991
Embedded derivatives	0		0
NHS payables		4,900	4,900
Non-NHS payables		7,963	7,963
PFI & finance lease obligations		0	0
Other financial liabilities	0	9,546	9,546
Total at 31 March 2012	0	22,409	22,409

37 Related party transactions

Details of related party transactions with individuals are as follows:

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£	£	£	£
J Hayes - CCG member - GP	2,869,000		165,000	
Hanham Health - GP Partner	2,108,000			
Freudoc Ltd - Clinical Director	772,000		134,000	
GP Care Ltd - Shareholder	1,272,000	(79,000)	100,000	(17,000)
M Wilkes - CCG member - practice manager	1,599,000		101,000	
A Appleton - CCG member - GP	772,000		134,000	
West Walk Surgery - Dr Spare & Partners	1,662,000		118,000	
Courtside Surgery	2,869,000		165,000	
GP Care Ltd - Shareholder	772,000		134,000	
W Bonn - CCG member - GP	180,614			
S Illingworth - CCG chair - GP	534,000	(17,000)	38,000	(1,000)
Orchard Medical Centre	772,000		134,000	
Hanham Health - GP Partner				
GP Care Ltd - Shareholder				
Edgemont View Nursing Home				
A Septon - CCG member - GP				
The Oaks Medical Practice - Drs Septon, O'Mahoney and Woodward				
GP Care Ltd - Shareholder				
I Hamid - CCG member - GP	1,452,000			
Concord				

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

- NHS South West
- North Bristol NHS Trust
- Avon & Wiltshire Mental Health Partnership NHS Trust
- Royal United Hospital Bath NHS Trust
- University Hospitals Bristol NHS Foundation Trust
- NHS Bristol
- Great Western Ambulance Service NHS Trust
- NHS Business Services Authority

In addition, the PCT has had a number of material transactions with South Gloucestershire Council

Primary Care Trusts will cease to function after 31 March 2013 when Clinical Commissioning Groups will take commissioning responsibility for the local populations. During 2012/13 NHS South Gloucestershire has been operating under a Cluster Model with NHS Bristol and NHS North Somerset.

A Cluster Operating Model maintains the three PCTs as separate legal entities but they operate under the control of one Governing Board. Primary Care Trusts traditionally operated a Professional Executive Committee (PEC) or Clinical Commissioning Committee made up of clinicians. From 1 April 2013 the South Gloucestershire Clinical Commissioning Group will be formally established covering the population of South Gloucestershire. Similar Groups will be established for both Bristol and North Somerset. A shadow committee has operated during 2012/13.

38 Losses and special payments

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

	Total Value of Cases £s	Total Number of Cases
Losses - PCT management costs	1,882	1
Special payments - PCT management costs	8,599	1
Losses in respect of the provision of family practitioner services	0	0
Special payments in respect of the provision of family practitioner services	0	0
Total losses	1,882	1
Total special payments	8,599	1
Total losses and special payments	10,481	2

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

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

Details of cases individually over £250,000

There were no cases over £250,000

39 Third party assets

The PCT holds no third party assets

Third party assets are held by the PCT on behalf of a third party - for instance as money held on behalf of patients. As these assets do not belong to the PCT they are not included in the Statement of Financial Position or the trade payables note.

40 Pooled budget

The PCT does not have a pooled budget arrangement.

41 Cashflows relating to exceptional items

The PCT does not have any cashflows relating to exceptional items

42 Events after the end of the reporting period

The PCT ceased to exist on the 31st March 2013. Commissioning responsibility transfers to various successor organisations, local legacy teams are working on transferring the assets and liabilities:

Receiving Body	Functions Transferring
South Gloucestershire Clinical Commissioning Group	Non specialised health care commissioning contracts
NHS England	Primary care contracts, secondary care dental, specialised commissioning contracts, offender and justice health, some public health functions
Public Health England	Specified public health functions
South Gloucestershire Council	Specified public health functions
NHS Property Services	Estate and Landlord functions

South Gloucestershire Clinical Commissioning Group (SGCCG) has been authorised by NHS England and is coterminous with NHS South Gloucestershire. This group was a sub Committee of the Cluster Board in 2012/13.

The financial statements were authorised for issue on 3rd June 2013 by Anthony Farnsworth, Chief Executive and Neil Kemsley, Director of Finance and IMT

GLOSSARY OF FINANCIAL TERMS

Accruals	An accounting concept. In addition to payments and receipts of cash, adjustment is made for outstanding payments, debts to be collected and stock. This means that the accounts show all of the income and expenditure that related to the financial year.
Assets	An item that has a value in the future. For example, a debtor (someone who owes money) is an asset, as they will in future pay. A building is an asset, because it houses activity that will provide a future income stream.
Audit	The process of validation of the accuracy, completeness and adequacy of disclosure of financial records.
Capital	Land, buildings, equipment and other non-current assets owned by the PCT, the cost of which exceeds £5,000 and has an expected life of more than one year.
Cash limit	A limit set by the Department of Health which restricts the amount of cash drawings that the PCT can make in the financial year. There is a combined cash limit for both revenue and capital.
Commissioning	Purchase of healthcare from external service providers (NHS, other public sector, private and voluntary) to meet the needs of the population.
Current assets	Trade receivables (debtors), inventories (stocks), cash or similar, whose value is, or can be converted into, cash within the next twelve months.
Non-current assets	Land, buildings, equipment and other long term assets that are expected to have a life of more than one year.
Governance	Governance is the system by which organisations are directed and controlled . It is concerned with how the organisation is run, how it is structured and how it is led. Corporate governance should underpin all that an organisation does. In the NHS, this means it must encompass clinical, financial and organisational aspects.
Gross operating costs	This is the total revenue expenditure, including accruals and provisions, incurred in the course of performing all aspects of the PCT's functions during the year.
Intangible assets	Brand value or some other right (for example, a software licence), which although invisible is likely to derive financial benefit for its owner in the future, and for which you might be willing to pay.

GLOSSARY OF FINANCIAL TERMS

Miscellaneous income	Income that relates directly to the operating activities of the PCT. This excludes cash voted by Parliament and drawn down by the PCT from the Department of Health, which is credited to the general fund.
Payment by results	A financial framework in which providers are paid according to the level of activity undertaken. Payment is based on a national tariff.
Practice based commissioning	A framework which engages GP practices and other primary care professionals in the redesign of services for the benefit of patients, through the provision of resources, information and support.
Primary care trust	Primary care organisations that provide and manage services delivered within the primary and community care sector, as well as commission acute and other services for its population.
Provider	Provision of healthcare from within the PCT to meet the needs of the population.
Resource limit	Expenditure limits are determined for each NHS organisation by the Department of Health for both revenue and capital, which limit the amount that may be expended on revenue purchases, as assessed on an accruals basis (that is, after adjusting for debtors and creditors).
Revenue	Ongoing or recurring running costs or funding for the general provision of services.
Tangible assets	A sub-classification of fixed assets, which include land, buildings, equipment, and fixtures and fittings.

2012-13 Annual Accounts of South Gloucestershire Primary Care Trust

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

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

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

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

Signed.....*AS Farnsworth*.....Designated Signing Officer

Name: *AS FARNSWORTH*

Date: *5th June 2013*

2012-13 Annual Accounts of South Gloucestershire Primary Care Trust

STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

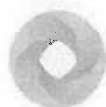
- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and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

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

By order of the Permanent Secretary.

30 June 2013 Date  Signing Officer

30 June 2013 Date  Finance Signing Officer



Grant Thornton

Mr N Kemsley (by email)
Director of Finance
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5 June 2013

Dear Neil

South Gloucestershire PCT: Auditor's reports on the financial statements

We have previously sent you a signed hard copy of our audit report on your financial statements for the year ended 31 March 2013 and also attach a version in Word (unsigned). In this letter, we outline our responsibilities as auditor of the PCT in respect of the electronic publication of our audit report.

We have noted your wish to publish and distribute the financial statements in electronic format. In accordance with International Standards of Auditing 720 Section A, as issued by the Financial Reporting Council, we are required to:

- review the process by which the financial statements to be published electronically are derived from the financial information contained in the manually signed accounts;
- check that the proposed electronic version is identical in content to the manually signed accounts; and
- check that the conversion of the manually signed accounts into an electronic format has not distorted the overall presentation of the financial information, for example, by highlighting certain information so as to give it greater prominence.

However:

- the examination of the controls over the electronic publication of audited financial statements is beyond the scope of the audit of the financial statements and the auditor cannot be held responsible for changes made to audited information after the initial publication of the financial statements and auditor's report;
- where you wish to publish or distribute the financial statements electronically, you are responsible for ensuring that the publication accurately presents the financial statements and auditor's report on those financial statements. This responsibility also applies to the presentation of any financial information published in respect of prior periods; and
- the audit report on the financial statements should not be reproduced or referred to electronically without our written consent.

Chartered Accountants

Member firm of the Grant Thornton International Ltd

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A list of members is available from our registered office.

Grant Thornton UK LLP is authorized and regulated by the Financial Conduct Authority.

Please ensure that:

- you only publish the financial statements accompanied by the auditor's report on those statements;
- you only publish the financial statements accompanied by the "other information" provided to us before we issued our audit report and specifically referred to in our audit report; and
- you do not publish the financial statements accompanied by any other information not provided to us prior to issuing our audit report.

Additionally, please do not reproduce the signature of the auditor in any electronic format for any purpose.

Please feel free to contact me if you like clarification on any point.

Yours sincerely

A handwritten signature in dark ink, appearing to read "Malyn", with a stylized flourish at the end.

Steve Malyn
For Grant Thornton UK LLP

INDEPENDENT AUDITOR'S REPORT TO THE DEPARTMENT OF HEALTH'S ACCOUNTING OFFICER IN RESPECT OF SOUTH GLOUCESTERSHIRE PRIMARY CARE TRUST

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

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

- the table of salaries and allowances of senior managers and related narrative notes;
- the table of pension benefits of senior managers and related narrative notes; and
- the table of pay multiples and related narrative notes.

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

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

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

Scope of the audit of the financial statements

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

apparent material misstatements or inconsistencies we consider the implications for our report.

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

Opinion on regularity

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters

In our opinion:

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

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

Other matters on which we are required to conclude

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

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

- our review of the annual governance statement;
- the work of other relevant regulatory bodies or inspectorates, to the extent the results of the work have an impact on our responsibilities; and
- our locally determined risk-based work on the transition to new commissioning arrangements.

As a result, we have concluded that there is the following matter to report:

In 2012/13, South Gloucestershire Primary Care Trust continued to operate with a significant underlying financial deficit. As in previous years, it did not meet its statutory financial target, namely its revenue resource limit, without planned financial support of £9.7m from other Primary Care Trusts within its Cluster. This matter prevents us from being satisfied that the Primary Care Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Certificate

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

Stephen Malyn
Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP

55-61 Victoria Street
Bristol
BS1 6FT

4 June 2013

Annex A

South Gloucestershire Primary Care Trust**Organisation Code 5A3****Governance Statement****Scope of responsibility**

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

The Primary Care Trust (PCT) is performance managed by the South West Strategic Health Authority which, on a regular basis, monitors progress against plans. The PCT works in collaboration with other PCTs and NHS Trusts in commissioning services across the broad areas of Bristol, North Somerset and South Gloucestershire.

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

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

I rely on the reports from Internal Audit and the Local Counter Fraud Service to provide me with regular assurance on internal controls throughout the year.

There was an agreed audit plan in place throughout the year and fifteen audits were completed; none of these identified weaknesses in the design and/or operation of controls which could have a significant impact on the achievement of key system, function or process objectives.

There was an agreed counter fraud plan in place throughout the year with allocated days split between planned proactive work (such as preventative activity relating to the Bribery Act) and fraud investigations.

The system of internal control has been in place in NHS South Gloucestershire for the year ending 31 March 2013 and up to approval of the annual report and accounts. Although the PCT ceased to exist on the 31 March 2013 relevant controls continued in place until the completion of the accounts.

The governance framework of the organisation

The Board and its Committees met regularly throughout 2012/13. It was, however, a year of continuing transition for NHS South Gloucestershire. In accordance with national policy NHS South Gloucestershire operated as a cluster arrangement with NHS North Somerset and NHS Bristol and during the year supported the creation of the three Clinical Commissioning Groups (CCGs) and the Commissioning Support Unit (CSU). A single executive team was in place for all three organisations, including a lead Director for each of the CCGs. The three PCT Boards met throughout the year as a Cluster Board with a common membership for each PCT.

Attendance at Board meetings was recorded in the minutes and these were published, together with Board papers, on the PCT's website. The Board has regularly reviewed the effectiveness of its ways of working (with reference to transformation, transition and performance) in a rapidly changing environment.

As part of the governance structure In common Board Committees were in place for Audit, Integrated Governance and Remuneration. Terms of reference for these were agreed by the In Common Board and subsequently reviewed by the Committees themselves and then the Board. There were detailed work programmes in place for each of these Committees and they were reviewed and updated at every meeting. Minutes from all Board Committees have been presented to the Board throughout the year, providing assurance to the Board on the business being conducted and providing the Board with the opportunity to raise issues or concerns. Each Board Committee completes an annual self assessment to assure the Board of its effectiveness. The Audit Committee agreed its self assessment on 13th March 2013.

A Transition Programme Board was in place throughout 2012/13 to manage the transition to the new organisational structure for April 2013 and regular reports have been made to the Cluster Board on progress.

The South Gloucestershire Clinical Commissioning Group started to meet formally as a committee of the Board on 6 October 2011 and has continued to meet throughout 2012/13. The CCG Committee has met as the Governing Body for the CCG in the latter months of the year with the minutes being presented to the Cluster Board. The Chair of this Committee/Governing Body is a member of the Cluster Board.

A register of hospitality and a register of declared interests are maintained and all Board and Board Committee meetings commence with declarations of interest relating to the matters to be considered.

Risk assessment

It is the policy of NHS South Gloucestershire to identify, minimise, control and where possible eliminate risks that may have an adverse impact on patients, staff and the organisation. I, as Chief Executive, carry ultimate responsibility for all risks within the PCT. The PCT's Risk Management Strategy and Policy defines the responsibilities for risk management within the organisation. Staff are required to undertake training for risks that are relevant, including training for risk assessment, health & safety, manual handling, basic life support, infection control, fire safety and conflict resolution. All PCT employees must undertake this training on an annual, bi-annual, or three yearly basis, as appropriate. Reports on training are provided regularly to the Integrated Governance Committee and these include data on the staff uptake on the mandatory training programme.

The principal risks facing the PCT during the year were:

- The risk of the impact of the complexity of transition and organisational change upon staff morale and capacity: this is an organisational priority that is constantly being reviewed. A Transition Programme Board was created to oversee the transition process during the year.
- The achievement of the challenging Quality Improvement Programme and delivering against the financial surplus control total for 2012/13 and the impact of these on delivering a credible and achievable financial plan for 2013/14. A particular risk throughout the year was managing demand through the acute care sector. Delivery during 2012/13 was enabled through robust financial management and also included the transfer of planned financial funding from North Somerset Primary Care Trust of £1.8m and from Bristol Primary Care Trust of £7.9m.

The PCT has a risk management framework in place which ensures the continued commissioning of high quality healthcare and which requires the identification, management and minimisation of events or activities which could result in unnecessary risks to patients, staff, visitors and members of the public. The PCT is committed to possessing the attributes associated with an active learning organisation where lessons learned are embedded into the organisation's culture and practice.

The risk and control framework

The Board-approved risk management strategy defines the structures for the management and ownership of risk. It encapsulates the PCT's attitude to risk and defines how risks are dealt with and by whom. A cluster-wide Risk Management Strategy was adopted by the Board at its meeting in February 2012. This was put in place following a recommendation from Internal Audit that there should be an overarching Strategy. The Cluster's Integrated Governance Committee oversaw the four governance systems (corporate, clinical, information and research governance), covering assurance, risk management and compliance to systems and processes. The Board receives the minutes of the Integrated Governance Committee. The Cluster Audit Committee also received the minutes of the Integrated Governance Committee and reviewed them for assurance purposes.

The risk assessment process identifies risks and grades them in accordance with NHS advice using a "five-by-five" scoring system. The Corporate Risk Register forms the basis of the PCT's risk management plan which is updated to reflect the dynamic nature of the risks and the PCT's management of them. Each risk is assigned to a named individual. The Corporate Risk Register was regularly reviewed by the Integrated Governance Committee throughout the year and quarterly by the Cluster Board.

Throughout the year, the PCT has been responsible for the management of STEIS in South Gloucestershire. This is the information management system for monitoring Serious Untoward Incidents within Provider Units.

The Board Assurance Framework covers all the organisation's main activities and identifies significant risks, or "gaps". It identifies the PCT's objectives, the risks to the achievement of these goals, the internal controls to manage those risks and any gaps in the assurances. The Board Assurance Framework was reviewed by the Audit Committee, the Governance Committee and by the Board. No gaps were identified in financial, operational or clinical controls or assurance measures.

Risks to information are managed and controlled with a comprehensive set of controls set out in the PCT's Information Governance Management System (IGMS). The IGMS is a comprehensive set of policies, processes and guidance used across the PCT to manage all aspects of information including confidentiality, communication, technical security, data quality and managing records.

The IGMS is supported by the Information Risk Group (across the 'clustered' PCTs) which ensures that appropriate monitoring, operational and improvement activities are undertaken to maintain compliance with legislation and standards. The Information Risk Group reports performance to the Cluster Integrated Governance Committee. This is measured by the annual information governance self assessment and a number of associated internal audit programmes. Active 'expertise' is provided by the Information Governance team of the Avon IM&T Consortium, who provide mandatory education tools for all staff, assessment of new developments, advice and query resolution and compliance monitoring.

A significant risk for the PCT is the impact of the Management Cost Reduction Target scheme and the complexity of transition and organisational change upon staff morale, productivity, recruitment and retention. The gaps to service delivery both in terms of capacity and capability has meant that the transitional plan has had to adjust to help support and manage through such change and transition in order to ensure that business continuity is addressed.

It is critical, therefore, that the risks associated with such uncertainty and change over the coming months and years are identified and well managed. Therefore, the business continuity of the PCT is shown on the Corporate Risk Register and is regularly reviewed by the Board. Due to the actions taken and reported to the Board the overall risk relating to business continuity was sufficiently reduced for it to be removed from the Corporate Risk Register. The business continuity risk relating to staffing and transition, however, remains on the Register as a risk that is being managed by the Transition Programme Board.

Comprehensive performance management reports are considered at each Board meeting. These reports use a scorecard to identify the PCT's position against key work areas set out in the performance management framework and present the summary financial position.

The PCT is fully committed to the national policy on "Being Open" (a set of principles regarding communication with patients following a patient safety incident developed by the National Patient Safety Agency) and adheres to the need to reinforce the need to maintain effective communication with patients when incidents or adverse events occur. "Being Open" is reflected in the PCT's policies and the patient safety and quality improvement processes through the clinical governance framework, in which patient safety incidents are investigated and analysed, to find out what can be done to prevent their recurrence. It also involves a system of accountability through the Chief Executive to the Board to ensure these changes are implemented and their effectiveness reviewed. The findings are disseminated to staff so that they can learn from patient safety incidents through manager's feeding back locally.

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. There is an executive director responsible for equality, diversity and human rights which is the Director of Quality and Governance, and a non-executive lead. The Director of Quality and Governance is supported by a Consultant in Public Health and the equality and diversity leads in the PCTs. The Board receives regular reports on equality and the Human Rights Act. The Board approved a revised policy, considered the key elements of the Equality Delivery System (EDS) and formally adopted its use on 27 January 2011. This helps to ensure that NHS South Gloucestershire meets the requirements of the statutory public sector equality duty, contained within the Equality Act (2010) and the obligations that had to be met from April 2011, including our statutory duty to consult and involve patients (NHS Act 2006) and embedding equality into the mainstream business of the organisation and NHS commissioned service providers.

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's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Review of the effectiveness of risk management and internal control

As Accountable Officer, I have the responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. The overall level of the Head of Internal Audit Opinion is significant assurance. Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation of achieving its principal objectives have been reviewed. My review is also informed by the comments and reports of internal and external auditors.

I have been advised on my review of the effectiveness of the system of internal control by the PCT Board, the Integrated Audit Committee and the Integrated Governance Committee. A plan to address weaknesses and ensure continuous improvement of the system is in place.

The process of maintaining and reviewing the effectiveness of the internal control systems includes the following aspects undertaken by various committees and individuals within the organisation as well as those external parties who continue to provide valued support:

- The Audit Committee agrees an annual plan for work to be undertaken by internal audit focusing on areas of particular concern or risk. Reports are made to the Committee on audit findings with assurance and recommendations being given. Discussions are also held with the external auditors regarding their audit plans and regular reports are made to the audit committee on progress and findings.
- The Integrated Governance Committee reports to the Board on the development, implementation and monitoring of integrated governance by providing assurance on the systems and processes by which the PCT leads, directs and controls its function in order to achieve organisational objectives, safety and quality of services, and in which they relate to the wider community and partner organisations. It has developed and monitors compliance with the PCT integrated governance strategy and supports me in fulfilling responsibilities for governance as the Accountable Officer.

- Internal Audit provides assurances through their reports on various aspects of the organisation to the Audit Committee and the Board. These reports also provide assurances and support for the work undertaken by the external auditors. There were no reports with a control definition of “no assurance” or “limited assurance” during the year.
- The Board receives regular reports on significant risks identified through the Corporate Risk Register, Board Assurance Framework reports, clinical and non-clinical incident reports, monthly financial reports, monthly performance reports and minutes from each of the Committees.

Our transition plan sets out the process for NHS South Gloucestershire to ensure the delivery of current operational and financial performance standards, improved quality and productivity within the new financial scenario and implementation of the White Papers. The former has significant implications for NHS South Gloucestershire in terms of our organisational future as a commissioner of healthcare, as a system leader, a partner and as an employer.

We needed to lead the organisation, its people and functions, in supporting the future commissioning and wider landscape anticipated in, and as a result of the Health & Social Care Act. Amongst other aspects of the proposals in the Act, in particular we have supported GPs as the leaders of the development of the proposed new commissioning landscape and the ultimate commissioners of the majority of services. The transition plan articulated the high level actions that will be taken to achieve success in meeting those priorities.

My review confirms that NHS South Gloucestershire has a generally sound system of internal control that supports the achievement of its policies, aims and objectives.

Significant Issues

This has been a challenging year for the PCT Cluster.

The main providers in our health system have faced considerable challenges in meeting key performance targets in a number of areas.

The 2012/13 annual plan reduced the risk facing the local economy financially for the year and provides a twelve month window for the PCT, constituent CCG and local NHS providers to deliver sustainable capacity, demand management and pathway redesign alongside transition to the new NHS landscape from April 2013. The preparation of the Local Delivery plans for 2013/14 has been the responsibility of the CCGs. The PCT has assisted the three CCGs in this crucial task along with supporting the creation of the Local Area Team and South West Commissioning Support Unit.

Staff transfers have been a central issue for the PCT to manage and has through good HR procedures reduced substantially the overall cost of change. Handover documents have been prepared and approved and the transfer documents produced according to the prescribed timetables.

Accounts Scrutiny, Sign-Off Process and Financial Closedown

Under the arrangements overseen by the Department of Health, the Chair and three Members of the previous Audit Committee have been appointed to a BNSSSG Audit Sub-Committee of the Department of Health's Audit and Risk Committee. Members' roles include scrutiny of the 2012/13 accounts for the PCT and, for a minimum of two Members, attendance at the Sub-Committee meeting on 3 June 2013 to approve the accounts. The draft statutory accounts for the PCT, which were submitted to the external auditors on 22 April 2013, were shared with the Members and a separate briefing session for Members was provided to highlight and discuss the key issues.

Finance staff who had prepared the PCT accounts continued their involvement in closedown issues to ensure a smooth transition. A Handover Report will also be presented to the Audit Sub-Committee and circulated to key leaders in the relevant successor commissioning bodies.

Accountable Officer : Anthony Farnsworth

Organisation: South Gloucestershire Primary Care Trust

Signature



Date

3rd June 2013