



Department  
of Health



# East Lancashire Teaching Primary Care Trust

2012-13 Annual Report and Accounts

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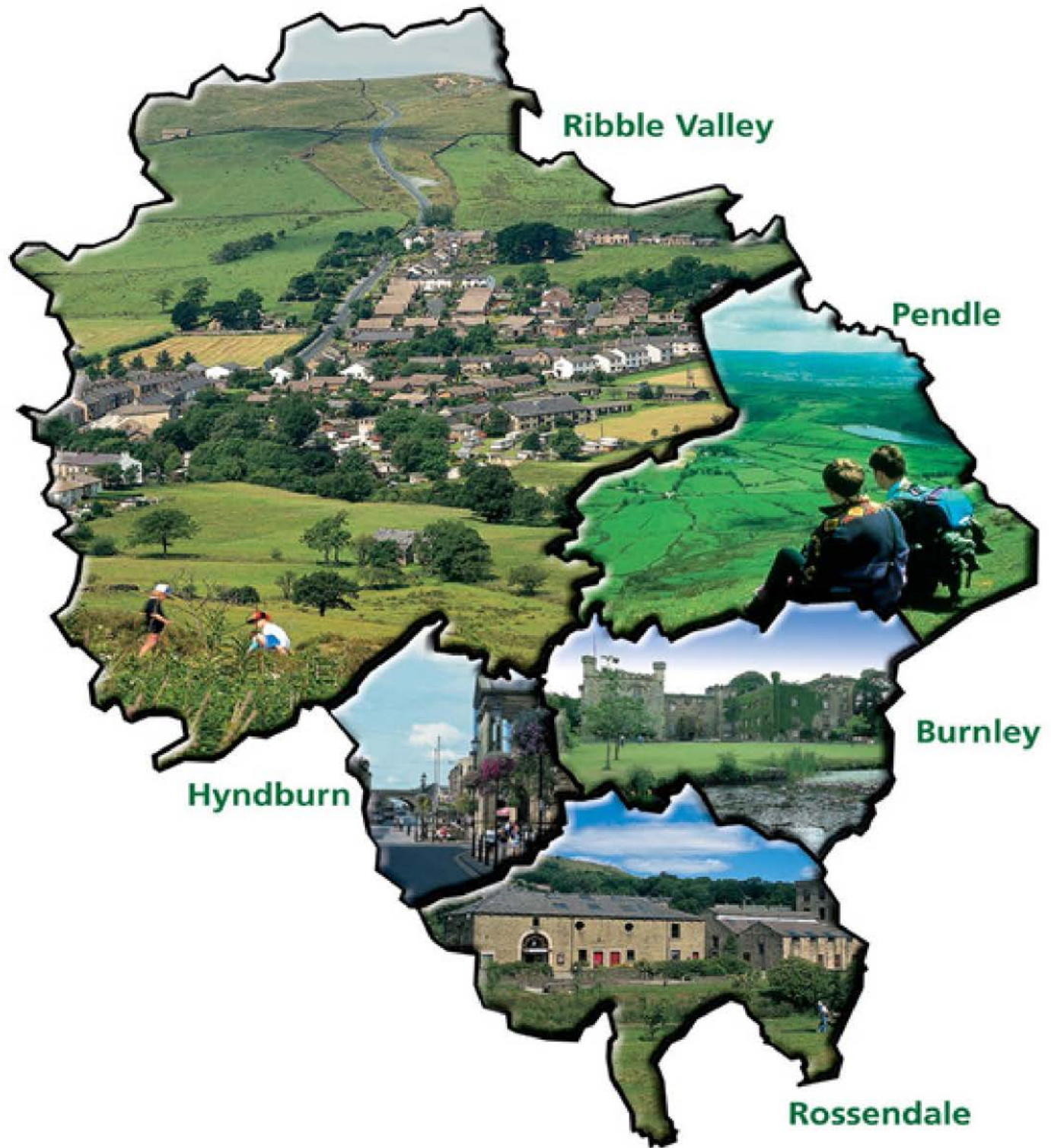
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# East Lancashire Teaching Primary Care Trust

2012-13 Annual Report

2012/13

# Annual Report



Supporting information  
and financial statement

**NHS East Lancashire is a Primary Care Trust (PCT)  
formed on the 1st October 2006 following the  
merger of the Burnley, Pendle & Rossendale and  
Hyndburn & Ribble Valley PCTs.**

**Our Vision:**

To improve significantly the health and wellbeing of everyone who lives in East Lancashire by improving the quality of life for those with long-term health problems and ensuring that everyone has access to the best possible health services and treatment.

**Our Commitments:**

- To work closely with communities and partners to reduce health inequalities, especially in areas with the highest rates of deprivation
- To continually buy safe services for the best value for money
- To ensure that health services in EL meet standards and go beyond them where possible
- To measurably improve the experience and satisfaction of the people who use health services in EL and support staff who deliver health services in their pursuit of excellence

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# 1. NHS Lancashire Cluster

As part of the NHS reforms, the responsibility for commissioning local health services is being transferred from primary care trusts (PCTs) to clinical commissioning groups (CCGs). PCTs were abolished from 1st April 2013.

To ensure stability in 2012/13 while these changes took place, the NHS Lancashire PCTs, comprising NHS Blackburn with Darwen Care Trust Plus, NHS Blackpool, NHS Central Lancashire, NHS East Lancashire and NHS North Lancashire, joined together as the NHS Lancashire Cluster to ensure continuity of delivery of an excellent service while undergoing change; one Board, the NHS Lancashire Cluster Board, was created. This Board has governed the organisations within its footprint for the whole reporting period.

The Cluster also continued to support the development and authorisation of the clinical commissioning groups and ensured a smooth transition of commissioning function. Clustering did not affect frontline services, community staff or patients.

## NHS Lancashire Cluster Board

The NHS Lancashire Board (the Board) was given delegated powers and decision making responsibilities from the PCTs during 2012/13. Its role is to manage the transition to the new NHS system and ensure business continuity. Much of the day-to-day work of the five PCTs continued within each of their localities; resources and skills were shared in order to sustain services.

The Board met on a bi-monthly basis in public and members of the public were welcome to attend. Dates of meetings and agendas, minutes and accompanying papers were published on each of the PCT's websites.

The Board is supported by a range of committees, each providing assurance to the Board through the business transacted at the meetings, and the locality CCG Governing Body and supporting governance structures.

Responsibility for the corporate assurance framework sits with the Director of Partnerships and Corporate Affairs. The domains relating to quality assurance and clinical governance directly relate to the Directors of Nursing and the Medical Director. The domains relating to financial stewardship relate to the role of the Director of Finance.

## NHS Lancashire Cluster Board membership

Chair: Peter Kenyon

Chief Executive: Janet Soo-Chung

Non-Executive Directors: Ian Cherry

Roy Fisher

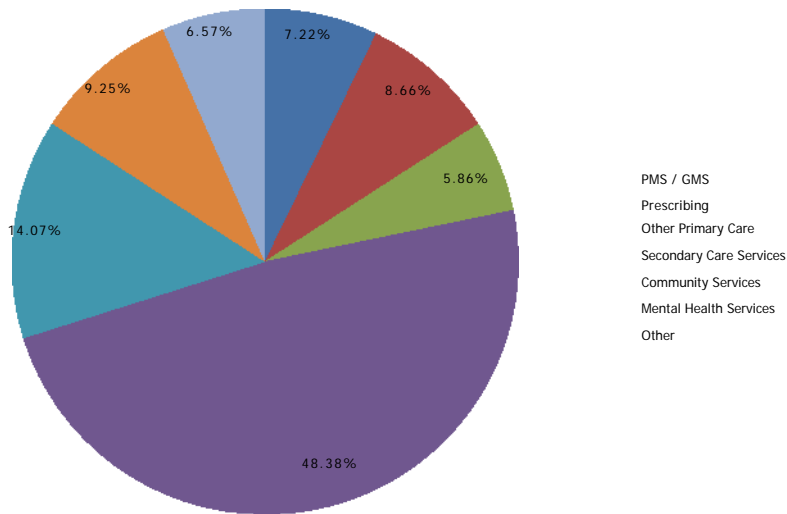
Bill Gormley Bob Huntbach Sir Bill Taylor

Executive Directors: Dr Frank Atherton (to 4.5.12)  
 Graham Burgess (to 31.8.12) Harry Catterall (from 1.9.12) Dr Jim Gardner  
 Gary Hardman (to 20.7.12) Jane Higgs  
 Mike Maguire (to 31.8.12) Sally Parnaby  
 David Wharfe

## Directors' disclosure

Auditing standards require the directors to provide the external auditors with representations on certain matters material to their audit opinion. The directors have confirmed to such representations as necessary to the best of their knowledge and belief, having made appropriate enquiries of other directors and officers of the Trust. As such, each director has stated that as far as they are aware, there is no relevant audit information of which are unaware. Declarations of Interest for the NHS Lancashire Cluster Board directors and non-executives are shown on page 7 of this report.

## How We Spent Your Money 2012/13



Service Area	£'000	%
PMS/GMS	53,077	7.22%
Prescribing	63,678	8.66%
Other Primary Care	43,072	5.86%
Secondary Care Services	355,788	48.38%
Community Services	103,484	14.07%
Mental Health Services	68,019	9.25%



## Declarations of Interest

NHS East Lancashire Board Members : 2012/13

NAME	POSITION	DECLARATION
<b>David Joyce</b>	Locality Lay Advisor	<ul style="list-style-type: none"> <li>• Independent Member - Lancs Fire Authority Standards Committee</li> <li>• Lay Member – NW Police Authorities Misconduct Panels</li> <li>• Chair of Governors – St Mary's RC Primary School, Os-waldtwistle</li> </ul>
<b>Ian Clements</b>	Locality Lay Advisor	<ul style="list-style-type: none"> <li>• Chair of Governors - Unity College, Burnley</li> <li>• Wife – Physiotherapist, Bolton PCT</li> </ul>
<b>Natasha Hanson</b>	Locality Lay Advisor	<ul style="list-style-type: none"> <li>• Director &amp; Shareholder, Hanson HR Ltd</li> <li>• Director &amp; Shareholder, ITC Electronics Ltd</li> <li>• Employee - Nuclear Decommissioning Authority</li> <li>• Trustee - Pumping Marvellous</li> <li>• Husband – Ivan Durkin                             <ul style="list-style-type: none"> <li>- Director &amp; Shareholder of STL Technology Solutions Ltd</li> <li>- Company Secretary of Hanson HR Ltd</li> </ul> </li> <li>• Daughter – Jenny Durkin, Trainee Dental Therapist, NHS EL</li> </ul>
<b>Bob Huntbach</b>	Locality Lead Non Executive Director	<ul style="list-style-type: none"> <li>• Nil Return</li> </ul>
<b>Mary Thomas</b>	Locality Lay Advisor	<ul style="list-style-type: none"> <li>• Vice-Chair - Peter Birtwistle Housing Trust</li> <li>• Panel Member – Fitness to Practice, Nursing &amp; Midwifery Council</li> <li>• Member - Colne Town Council</li> <li>• Husband: Member, Pendle Borough Council</li> <li>• Son: Employed by Calderstones NHS Foundation Trust</li> </ul>
<b>John Wilkinson</b>	Locality Lay Advisor	<ul style="list-style-type: none"> <li>• Director of :                             <ul style="list-style-type: none"> <li>- Aberford Investments Ltd</li> <li>- Cloverbrook Ltd</li> <li>- Anglo Textiles SAE</li> <li>- Governor, Unity College, Burnley</li> </ul> </li> </ul>
<b>Colette Crowther</b>	Locality Manager [April – Sept 2012]	<ul style="list-style-type: none"> <li>• Husband – Alan Crowther, GP Clitheroe HC</li> <li>• Sister in Law – Julie Crowther, nurse employed by EL Community Services.</li> </ul>
<b>Dr Mike Ions</b>	GP Chair, NHS EL CCG	<ul style="list-style-type: none"> <li>• GP Partner – Pendle View Medical Centre, Brierfield</li> <li>• Pendle GP Consortia Member &amp; Chair</li> <li>• President Brierfield &amp; Reedley Cancer Research UK</li> <li>• Wife: Consultant Community Paediatric Audiologist with ELHT</li> <li>• Daughter: Nicola Finnigan – Partner in same GP Practice</li> </ul>
<b>Mark Youlton</b>	Locality Director of Finance	<ul style="list-style-type: none"> <li>• Nil Return</li> </ul>

## NHS Lancashire Board Members : 2012/13

No declaration is available for 2012/13 of Cluster Directors' interests in organisations which may transact business with the PCT. Interests declared in 2011/12 are as follows:

NAME	POSITION	DECLARATION
<b>Peter Kenyon</b>	Chair	<ul style="list-style-type: none"> <li>• Nil return</li> </ul>
<b>Ian Cherry</b>	Non-Executive Director	<ul style="list-style-type: none"> <li>• Managing Director A.I. Cherry Ltd Chartered Accountants and Registered Auditor</li> <li>• Non-Executive Director of Institute of Chartered Accountants in England and Wales</li> </ul>
<b>Roy Fisher</b>	Non-Executive Director	<ul style="list-style-type: none"> <li>• Chairman of Governors, Layton Primary School, Blackpool</li> </ul>
<b>William Gormley</b>	Non-Executive Director	<ul style="list-style-type: none"> <li>• Member of The Court of The University of Central Lancashire</li> <li>• Honorary Fellow of the British International Association</li> </ul>
<b>Bob Huntbach</b>	Non-Executive Director	<ul style="list-style-type: none"> <li>• Nil return</li> </ul>
<b>Sir Bill Taylor</b>	Non-Executive Director	<ul style="list-style-type: none"> <li>• Chair – Blackburn College</li> <li>• Non-Executive Director Community Business Partners</li> <li>• Non-Executive Director RCU</li> <li>• Mentor Enterprise 4 All</li> <li>• External Trustee Lancaster University Students Union</li> <li>• Member Blackburn Golf Club</li> </ul>
<b>Janet Soo-Chung</b>	Chief Executive	<ul style="list-style-type: none"> <li>• Non-Executive Director of Government Equalities Division, Home Office</li> <li>• Member of Advisory Board – Hunter Healthcare</li> </ul>
<b>Graham Burgess</b>	CEO BwD Care Trust Plus	<ul style="list-style-type: none"> <li>• Nil return</li> </ul>
<b>Dr Jim Gardner</b>	Medical Director	<ul style="list-style-type: none"> <li>• Nil return</li> </ul>
<b>Gary Hardman</b>	Director of Nursing	<ul style="list-style-type: none"> <li>• Nil return</li> </ul>
<b>Mike Maguire</b>	Director of Commissioning Development	<ul style="list-style-type: none"> <li>• Nil return</li> </ul>
<b>Sally Parnaby</b>	Director of Partnerships & Corporate Affairs	<ul style="list-style-type: none"> <li>• Governor Castle Park School, Kendal</li> </ul>
<b>David Wharfe</b>	Director of Finance	<ul style="list-style-type: none"> <li>• Nil return</li> </ul>
<b>Frank Atherton</b>	Directors of Public Health	<ul style="list-style-type: none"> <li>• President – Association of Directors of Public Health</li> <li>• President/Medical Adviser of Lancaster/Morecambe MENCAP</li> <li>• Member of Heysham Parochial Church Council</li> <li>• School Governor – St Peters School, Heysham</li> </ul>
<b>Jane Higgs</b>	Director of Performance	<ul style="list-style-type: none"> <li>• Nil return</li> </ul>

## Sustainability

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

The organisation takes sustainability very seriously and has been implementing a five year programme for replacing older boiler plant with modern efficient boilers and controls in all of its premises. In addition, any new build or refurbishment schemes have included the most up to date building management controls to carefully manage heating, hot water and ventilation systems.

In recent months a number of NHS premises have been equipped with low maintenance Solar Panels which will be providing green electricity for the next 20 years as well as making a significant impact on the amount of electricity taken from the national grid resulting in significant savings on the amount being spent for electricity.

A Board level lead for Sustainability ensures that sustainability issues have visibility and ownership at the highest level of the organisation.

## Emergency Preparedness

During a period of significant change in the NHS, East Lancashire Primary Care Trust has maintained its statutory duties, as category one responders under the Civil Contingencies Act 2004. The year 2012/2013, has seen some significant changes and challenges for the emergency planning function, to manage and support these changes the PCT Business Continuity and Emergency Planning meetings have continued to meet on a monthly basis.

This forum has provided the opportunity to maintain the organisations business continuity arrangements, plan and manage events and incidents and review debriefs following incidents.

The Emergency planning team has supported the following events / incidents through 2012/2013:

- Supported the Olympic torch procession across East Lancashire
- The on call managers have managed and handled 17 on call incidents
- Maintenance of East Lancashire PCT Business Continuity arrangements

The maintenance of the emergency planning function has been achieved through:

- On call systems have been maintained 24/7
- Monthly Communications tests
- Training for on call managers both on an individual and group session basis
- Maintenance of electronic on call resource pack and hand held resource pack, including NHS net accounts
- De-briefs & lessons learned facilitated and actions taken accordingly to improve systems
- Supporting the winter planning and escalation arrangements across the Pennine health economy
- Attendance of local and Lancashire wide emergency planning meetings supporting planning, exercises and joint working

# 1. East Lancashire Clinical Commissioning Group

NHS East Lancashire CCG encompasses 64 GP Practices, covering the boroughs of Burnley, Hyndburn, Pendle, Rossendale and the Ribble Valley (excluding Longridge), which has a combined GP registered population of 371,429 at April 2012.

Over 2012-13 the CCG has been working towards becoming fully established as a Statutory Body and undergone various stages of the Authorisation process. A requirement of authorisation is to demonstrate against six domains which include a strong clinical focus, meaningful engagement, strategic (clear and credible) plans, robust constitutional and governance arrangements, strong leadership and collaborative working arrangements. The CCG received confirmation from NHS England on the 27 March that it is fully authorised without any remaining conditions.

Authorisation is the first step of the journey of continuous improvement for East Lancashire CCG, and throughout 2013 the objective of the CCG is to build upon the existing strong local joint working and governance arrangements in each of the five localities. Active engagement and delivery will continue at this level within the CCG as these existing forums are effective and trusted by the practices in each locality. Clinical commissioning through this structure provides us with the best opportunity to ensure that we maximise clinical, patient and stakeholder engagement.

The CCG is refreshing its Clear and Credible Plan which sets out how the CCG will take responsibility for service transformation from 2012 to 2017. An overarching aim will be to improve outcomes together with quality and productivity whilst reducing unnecessary variation in services and reducing health inequalities in the population at the same time as keeping within our budget.

The CCG has four strategic objectives which are seen as priority areas for the CCG:

- Commission the right services for patients to be seen at the right time, in the right place by the right professional
- Optimise appropriate use of resources and remove inefficiencies
- Improve access, quality and choice of service provision within primary, community and secondary care
- Work with colleagues from secondary care and local authorities to develop seamless care pathways

The CCG recognises that it is operating within the context of increasing health care need, and in a tough economic climate. To achieve its goals within this environment, the CCG understands the importance and usefulness of the efficiency programme known as QIPP (Quality, Innovation, Productivity and Prevention). To realise the QIPP challenge we are committed to working collaboratively with clinicians from Blackburn with Darwen CCG and other neighbouring CCGs and CCGs across greater Lancashire ELHT, LCFT and other healthcare providers to improve care pathways and further develop integrated care services with LCC.

## 2. Patient, Carer & Public

### Engagement

NHS East Lancashire is committed to improving the quality of services that the PCT commissions for the people of East Lancashire. To do this, it is important that we consider the views and experiences of those who use these services as set out in the NHS Constitution. Experience of health services, as described by patients, carers and members of the public, are an invaluable resource for informing commissioning, planning and service improvement.

The NHS has to achieve value for money and the best possible care for patients. The Quality Improvement, Productivity and Performance (QIPP) programme is about ensuring that this is achieved. Information and data – intelligence - gathered from patient experience is one way of improving quality of care; this in turn will have a positive effect on productivity. It is crucial to improving patient care and outcomes.

That is why the Engagement Team has a focus on patient experience which is collected, collated and analysed in a variety of ways. Some examples can be seen below.

#### Patient Engagement Team (PET)

The Patient Engagement Team offers advice and information and helps patients to resolve any concerns that they have regarding NHS services. In total the PET dealt with 925 new referrals from 1 April 2012 to 4 March 2013.

The Patient Engagement Team has also undertaken engagement with patients and members of the public in a variety of contexts; this work is used to influence future service provision. This has included engagement for the following:

The Urgent Care Pilot, Self-Care Campaign, Dementia Consultation, National Child Measurement Program, Health Checks, CCG Membership, PIE focus groups, New Health Centres, PCTMS practices, Diabetic Education, Pulmonary Rehabilitation, Tobacco Free Futures, CCG Consultation, CCG Program Management. The team have engaged with 3,911 patient, carers and members of the public.

In the course of the year, the team have engaged with hard to reach/silent voice communities, including BME communities, Gypsy, Roma Travellers, young people, old people, young mums, unemployed people, carers, people with learning difficulties and many others. The team also engage with stakeholders, such as local authorities, health and wellbeing boards, patient groups, GP member practices, provider services (acute, mental health and community), and other health professionals. Partnerships include schools and colleges, mosques, community organisations, children's centres, the national probation service, carers groups and many others.

#### Lancashire Local Involvement Network (LINK)

The Patient Engagement Team liaises closely with the LINK as the independent network in order to maintain a focus on the issues of most importance to local patients.

#### Duty to Involve Annual Report

The PCT's first 'Duty to Involve' Annual Report was produced in the year 2009/2010 and will again be published for 2012/2013. Production of this report is a statutory duty for PCTs – it outlines the consultation carried out, or proposed to be carried out, before the making of commissioning decisions by the PCT and the influence the results of consultation have had on commissioning decisions.

## 3. Commissioning Review

### Smoking Cessation

Smoking rates are very high in some parts of East Lancashire. The PCT commissions a Stop Smoking Service as part of a wider programme of actions to reduce smoking prevalence and tobacco related harms. In 2011/12 the service achieved a total of 3983 smokers successfully quit, exceeding their target for the year, and now ranks amongst the best performing Stop Smoking Services in the North West. The PCT also commissions a Smoke Free Homes scheme which encourages people to make their homes and cars smoke free to protect children from the harmful effects of second hand smoke. Over 5000 homes have signed on to the scheme so far.

### Equality and Diversity

NHS East Lancashire is fully committed to promoting equality, diversity and human rights and achieving the elimination of unlawful discrimination as defined within the Equality Act 2010. It is our responsibility to implement our equality duties. This has been achieved during 2012/13 by ensuring that the Trust evidenced, by the end of January 2013, how it values equality, diversity and human rights and that evidence of good equality outcomes run through all aspects of service planning, service delivery and employment.

Last year NHS East Lancashire, together with local NHS and interest groups, replaced the previous Single Equality Scheme with the new NHS Equality Delivery System (EDS). 2012/13 has seen further implementation of EDS. Learning from the EDS outcomes and grading during 2012 NHS East Lancashire has worked towards addressing its equality objectives and producing a new Equality Strategy.

The primary challenge moving forward is to be assured that Equality, Diversity and Human Rights and Inclusion competencies are preserved to support the new organisation and that equality is integral to organisational strategy and governance.

### Community Services and Primary Care

In 2012/13 the Clinical Commissioning Group, recognising the importance of strong and effective primary medical care in improving the health and health outcomes of the people of East Lancashire requested the production of a Primary Care Development Strategy that would reflect the aspirations of the East Lancashire Clinical Commissioning Group, its member practices, patients and relevant stakeholders.

A Clinical and Managerial Lead were identified and a steering group established in October 2012. Engagement of member practices and their registered populations has been a key priority during strategy development.

Development of primary medical care in East Lancashire will focus on developing the primary health care team to meet identified challenges by

NHS EL Annual Report 2012/13

increasing the range, consistency, accessibility and quality of service provision in primary care while ensuring resource is directed to support patients with the greatest need. A final draft of the strategy will be presented to the CCG Governing Body in April and this will begin a period of consultation.

## Virtual Ward

NHS East Lancashire in collaboration with Local Authority partners and providers have in 2012 worked together to move forward to integrate services that ensure that people can stay in their own homes and receive the appropriate level of care from integrated care teams, where ever it is possible. The integrated community teams have a core nursing element, therapists are being recruited to support home based rehabilitation and provide a comprehensive response to people with complex needs.

Health and social care teams have been commissioned to come together to deliver a care concept called the “virtual ward”. The virtual ward allows people with exacerbations of illness e.g. chest infections to be cared for in their own homes by experienced teams and thus reduce the need for a hospital admission. In 2012, this community service supported by local GP’s was piloted in Pendle and is being rolled out to all the localities in East Lancashire.

## Clinical Partnership Working

A clinical event involving local GPs and hospital consultants took place in March 2011. During the event a number of joint working principles, or compact agreement, were agreed. This has been built upon during 2012/13 with the CCG developing strong links with East Lancashire Hospitals Trust and working collaboratively with Blackburn with Darwen and other Providers through the Pennine Lancashire Clinical Transformation Board (CTB). Underneath the CTB, a number of collaborative workstreams have been clinically led to improve services and outcomes for patients in East Lancashire. These include – long-term conditions management, mental health, dementia, urgent care, planned care, cancer and paediatrics.

## Children and Young People’s Commissioning

Over the last 12 months, the Children and Young People’s Commissioning Team have been actively working towards the Lancashire Children and Young People Strategy 2012-14. This has included developing and commissioning services that support children and young people ensuring those services meet minimum standards and deliver the best patient experience.

Key achievements have included gaining additional funding for end of life services. We have undertaken an exercise to ‘walk the patient pathway’ this has helped us to understand difficulties in navigating health and social care systems through the eyes of a family with a child with end of life needs. There has been an increase in participation for children and young around emotional health and wellbeing which has informed the new service specification for Child and Adolescent Mental Health Services.

There has been positive feedback from women receiving maternity care following the new Birth Centre model. Antenatal care pathways have been reviewed in line with new funding mechanisms (maternity tariff).



The Commissioning Team have supported East Lancashire Hospitals Trust to achieve Best Practice Standards for Paediatric Diabetes. There has been commitment to reduce avoidable admissions for asthma, epilepsy and diabetes through redesign of the paediatric pathway for unplanned care. This will include increasing care closer to home.

## Health Improvement Service

The service is commissioned to develop, implement and evaluate health promotion programmes, partnership working and community development, in order to respond to the six policy objectives highlighted within the Marmot Review (2010) where there is firm evidence that actions can be pursued to alleviate the burden of health inequalities. Priorities for the service include:

**Pregnancy and Peri-natal Health:** improving maternal mental health, prevention of infant mortality, reducing smoking in pregnancy and exposure to second-hand smoke, promotion of antenatal programmes, increasing uptake of breastfeeding and improving maternal nutrition and healthy weight.

**Early Years:** improving breastfeeding rates, promoting oral health, healthy child weight, promoting uptake of screening and immunisation and vaccination programmes and reducing exposure to second-hand smoke.

**School Age and Adolescence:** nutrition, physical activity, emotional health and uptake of immunisation and vaccination programmes, working jointly with school, college and community settings to promote all public health priority areas e.g. reducing the harms from alcohol and tobacco and contributing to the development and promotion of programmes that improve sexual health and reduce sexual exploitation.

**Employment and Elderly:** social marketing and implementation of national and local health improvement campaigns, promotion of healthy weight, nutrition and physical activity, reducing the prevalence of smoking, illicit tobacco use and exposure to second-hand smoke, reducing the harms from alcohol and substance misuse, promoting NHS health checks, raising awareness of the early signs and symptoms of cancer and improving rates of early presentation, and health related interventions with local workplaces.

## Mental Health

The Lancashire wide programme of work continues to develop specialist in-patient mental health services across four sites in Lancashire. The proposed site for East Lancashire is Blackburn Royal Hospital. As part of the Lancashire wide programme, community services are being reviewed to support the in-patient reconfiguration including Crisis Resolution and Home Treatment teams.

NHS East Lancashire continues to work on Commissioning Intentions:

- a review of primary mental health care which will align IAPT service provision better to Long Term Condition services and provide better more timely access
- to continue to work with LCC to develop community rehabilitation services that will offer personalisation/SDS packages so that people can access intensive treatment in the community including in their own home.

- Following a review of the Mental Health and Learning Disability Service the decision was made to remodel this resource across Pennine Lancs. A multi-agency steering group oversees the development of an identified gap to fulfil legal requirements: the provision of an Asperger's Spectrum Disorder (ASD) A pre-screening function with local VCFS service which will appropriately screen referrals for a fuller assessment by an appropriately qualified clinician
- Work is on-going support to people with dementia and their carers by the development of Primary care in-reach service to close the gap in dementia services.
- Memory Assessment Services have been reviewed and the findings from that will be implemented.

NHS East Lancashire commissioning managers continue to be involved with the lead commissioner Blackburn with Darwen care trust plus and actively contribute to Quality/Performance and Contracting meetings.

## Urgent Care

Non - Elective demand management has been a key focus for the CCG in 2012/13. An overarching Pennine Lancashire vision for Unscheduled Care was agreed in October 2011. Work has progressing around the development of an Unscheduled Care strategy embedding the principles agreed.

Urgent Care and Non-Elective Demand Management is a key priority for the CCG. This work involves the re-design of the Pennine Lancashire Urgent Care model and associated initiatives to support the reduction in non-elective activity. During 2012/13, priority areas for East Lancashire and Blackburn with Darwen have included: development of an urgent care streaming pilot, piloting NHS 111, Paediatrics and DVT pathways.

In addition work is on-going to ensure that clear links are developed and maintained between interdependent work streams across the Heath Economy i.e. Intermediate Care Board.

## Oral Surgery

NHS East Lancashire launched a brand new service on the 3rd January 2012 to ensure patients who required minor oral surgical procedures, could have them carried out in quality assured local dental practices or clinics. Previously, patients were attending hospital for this type of minor treatment, often inconveniently. The service was specified to offer the benefits of care closer to home for patients who require non-specialist care and to help to ensure the available additional skills and competencies which existed in primary care were fully utilised.

Over 85% of patients have rated this innovative service as excellent, and the success of the service has been recognised by the NHS Lancashire Cluster through the Dental Transformation Board, which has included in its Oral Health Strategy the recommendation to commission a similar service, based on this example.

This scheme has been made possible through effective collaborative working between two Pennine Lancashire PCTs, the North Western Deanery, the Local Dental Committee and the local foundation trust.

## 4. Customer Care

NHS East Lancashire (the PCT) has arrangements in place to handle complaints in accordance with the Local Authority Social Services and NHS Complaints (England) Regulations 2009. The PCT also complies with the Principles of Good Complaint Handling produced by the Health Service Ombudsman, which is responsible for investigating complaints that cannot be resolved locally. Issues relating to formal complaints are considered via the PCT's quality and safety risk management process to provide assurance that the PCT is dealing with complaints in accordance with the above and the NHS Constitution. This report covers:

- The number of complaints received
- The subject matter, including any significant issues
- Achievement of performance targets under the Regulations
- Lessons learned and actions taken to improve services
- Referrals to the Health Service Ombudsman

### Formal complaints received by the PCT in 2012/13:

Written	41
Referred from Patient Experience Team	14
<b>Total</b>	<b>55</b>

### Complaints received by Service:

General Practitioners - Independent	32
General Practitioners - PCT run	2
General Practitioners - Out of Hours Service	0
Independent Dental Practitioners	4
Community Pharmacists	2
PCT Commissioned Services	15

### Complaints Received by Type:

Access to Services	6
Appointment Problems	0
Attitude to Staff/Communication	6
Clinical Treatment	16
Delay in/Failure to Diagnose	6
Prescribing/Medication Issues	2
Record Keeping	1
Referral Issues	3
Removal from Practice List	2

Dental Charges	1
Commissioning Decision - Continuing Health Care	5
Commissioning Decision - Funding & Policy Issues	7

**Significant Issues:**

Local conciliation meetings held	3
Referrals to Health Service Ombudsman	2
Complaints also under General Medical Council investigation	3

**Lessons Learned/Service Improvement Reports:**

Review/revision of policies/procedures/systems	13
New policy/procedure/system introduced	5
Staff reminded to follow policy/procedural guidelines	4
Skills update/further training	3
Improvements made to communication systems	1
Staff spoken to regarding attitude to patients	4
Successful funding appeal	2

In 2012/13 a total of 55 formal complaints were received by the PCT compared with 82 the previous year.

The PCT has a dedicated Patient Experience Team that provides confidential advice, support and information on health-related matters to patients, their families and carers. The Team acts independently when dealing with concerns and is able to help negotiate prompt solutions on behalf of patients. Many complaints are therefore resolved informally without patients having to use the PCT's formal complaints process. Complainants are also encouraged to try and resolve their concerns directly with their GP or Dental Practice in the first instance.

16 of the complaints received by the PCT in 2012/13 related to the clinical treatment and/or care provided to patients by their General Practitioner or Dentist. At the time of this report eight of those complaints were upheld, i.e. complainant's concerns were justified and improvements have been made to services as a direct result of those complaints. Investigations into five other similar complaints are still on-going and the outcomes are not yet known.

Two complainants referred their complaints to the Health Service Ombudsman during 2012/13. The Ombudsman upheld the PCT's decision in relation to one of those complaints and the other is currently still under review.

## 5. Clinical Standards

### Infection Control

NHS East Lancashire Infection Prevention Control Team has completed the Annual Programme for 2011-12 with collaborative partnership working across the PCT cluster and whole health economy to improve performance and patient safety. The results of all efforts show we have achieved success in reducing the risk of Healthcare Associated Infections.

### Patient Safety

As in previous years the PCT continued to contribute to NHS North West's Strategic Executive Information System (StEIS) for Serious Untoward Incidents. The internal incident reporting system (Datix) has been promoted in GP practice and there has been an increase in GP practice use of the system. Both StEIS and Datix enabled the PCT to performance manage provider organisation reported incidents as well as those incidents reported as occurring within PCT provided services. Incident trends were identified and action was taken to minimise the risk of patient harm. PCT employees were actively engaged in supporting pro-vider organisations to investigate incidents and implement recommendations and lessons learnt.

The pooling of Patient Safety Information across the Lancashire Cluster continued to provide month by month comprehensive analysis of patient related incidents.

## 6. Human Resources

**The last year has continued the momentous organisational change experienced in the NHS.**

A total of 437 employees will be transferred under TUPE arrangements to various organisations and marked the disestablishment of the PCT. Details are as follows:

<b>Destination</b>	<b>Total</b>
Clinical Commissioning Group	51
Commissioning Support Unit	69
East Lancashire Hospitals Trust	43
National Commissioning Board	6
OCS Group UK Ltd	6
Public Health England	6
Public Health Lancashire	20
Prop Co.	236
<b>Grand Total</b>	<b>437</b>

In addition, staff from the four Practices within the PCT's Medical Services were successfully transferred, under, TUPE Regulations to East Lancashire Medical Services on the 1st January, 2013, following a protracted procurement exercise.

As cost pressures continue the Trust, along with the rest of the Lancashire PCT Cluster has offered a voluntary redundancy scheme. This scheme will see 30 employees leave during the year. Unfortunately, 18 colleagues will leave under compulsory redundancy, despite every effort being made to find alternative employment.

Through this busy period of transition, support has been offered to staff through a variety of workshops. These have included managing personal change, CV writing skills, interview skills, money management, resilience, pensions and pre-retirement. The Occupational Health Service, Employee Assistance Programme and 1:1 Coaching sessions have also provided additional support to staff.

A "Transition Zone" area has been created where staff can meet with members of the HR/OD team and easily access handbooks/workbooks, details of courses and use a variety of on-line resources.

As we move forward with the Government's agenda, we are continuing to work closely with neighbouring organisations to facilitate a smooth transition effective from the 1st April, 2013. This support and closer working has also extended to supporting managers and staff as new organisations develop, such as the Clinical Commissioning Groups, Commissioning Support Service, Commissioning Board and particularly closer working with Lancashire County Council colleagues regarding the Public Health workforce.

## Sickness Absence

Following an improvement in sickness absence rates during the period 2011/12 there has been a slight increase during the past 10 months. Details are outlined below:

Service Area	Calendar Days Lost	Cumulative % Absence Rate (FTE)	Cost to PCT
Clinical Services (incl PEC)	8155.59		£95,601.54
Finance, Information & Estates	35203.73		£105,671.90
HR, Workforce & OD	2063.54		£38,295.10
PCT led PMS	10416.35		£80,563.40
Performance, Intelligence and Development	10905.10		£102,733.97
Public Health	1842.62		£27,768.35
Corporate & Public Affairs	3763.03		£26,945.81
Commissioning Board Total	72324.43		£477,580.07

## Staff Engagement

A continued priority of the organisation during this time has been to maintain staff engagement, and key aspects of this approach have been the continuing success of management working in partnership with staff organisations. With these well-established extended working relationships, changes arising throughout the year have been taken forward on behalf of the whole of the Cluster workforce.

## Equality & Diversity

NHS East Lancashire is fully committed to promoting equality, diversity and human rights and achieving the elimination of unlawful discrimination as defined within the Equality Act 2010. It is our responsibility to implement our equality duties. This has been achieved during 2012/13 by ensuring that the Trust evidenced, by the end of January 2013, how it values equality, diversity and human rights and that evidence of good equality outcomes run through all aspects of service planning, service delivery and employment.

Last year NHS East Lancashire, together with local NHS and interest groups, replaced the previous Single Equality Scheme with the new NHS Equality Delivery System (EDS). 2012/13 has seen further implementation of EDS. Learning from the EDS outcomes and grading during 2012 NHS East Lancashire has worked towards addressing its equality objectives and producing a new Equality Strategy.

The primary challenge moving forward is to be assured that Equality, Diversity and Human Rights and Inclusion competencies are preserved to support the new organisation and that equality is integral to organisational strategy and governance.

# 7. Governance

## Information Governance

Information governance (IG) is the framework for which information; in particular person identifiable data of patients, staff and corporate information, is handled in a confidential, secure, ethical and legal manner. In line with changes to the NHS the PCT has combined with the 4 other PCT in Lancashire to make up the NHS Lancashire Cluster. This has resulted in the harmonising of a comprehensive range of Information Governance policies, procedures and comprehensive training programme in place to support the framework and to ensure that an IG culture is embedded throughout the PCT in particular.

The PCT, in common with other NHS organisations, fully supports the commitment to patients described in the IG Toolkit and NHS Care Record Guarantee that patient information will be held securely and shared appropriately.

The position of Caldicott Guardian for the PCT sits with the Cluster Medical Director who acts as the conscience for the organisation and is responsible for protecting the confidentiality of patients, service users and staff information and enabling appropriate information sharing.

The Cluster's Head of information Governance is the PCT's 'Senior Information Risk Owner' with responsibility for ensuring that information risk is assessed and managed within the organisation.

The PCT is continually reviewing its information governance provision to ensure it provides excellence to its staff, patients, suppliers, partners, local community and the wider NHS.

The PCT has complied with Treasury's guidance on setting charges for information.

Currently the Information Governance Department are working very closely with Combined Commissioning Groups to complete the Information Governance sections of their accreditation process.

An annual Information Governance Toolkit was submitted by NHS Lancashire after being audited on the Behalf of the PCT and the other four PCTs and a Satisfactory rating was confirmed.

## Incident classification and reporting

As a result of high profile data breaches nationally and the PCT IG team's commitment to embed the IG agenda across the PCT, staff awareness of the importance of reporting all information security incidents and near misses has been raised. Lessons learned from incidents are included in IG learning activities to reduce the number of incidents and improve how the PCT safeguards its information.

Following the issue of national criteria in 2008 the PCT has to categorise all incidents involving person identifiable data. These are considered serious untoward incidents.



## 8. Financial Facts and Figures

### 2012/13

The PCT had another successful year in 2012/13 both in terms of overall service delivery and improvement as well as financially.

I am pleased to be able to report that all of the key financial responsibilities were met. These were to:-

- achieve operational financial balance;
- remain within a capital resource limit;
- remain within cash financing limits;
- to pay 95% of all non-NHS creditors within 30 days of receipt of invoice;
- to contain management costs in accordance with guidance issued by the Department of Health.

The PCT ended the year with an operational surplus of £3.424m having lodged £12.271m with the SHA. The outturn was in line with the PCT's original financial plan for 2012/13.

As part of the changes to the NHS brought about by the Health and Social Care Act 2012, NHS Lancashire and East Lancashire Teaching PCT ceased to exist on 31 March 2013. This Act also established Clinical Commissioning Groups and the National Commissioning Board from the 1st April as the main commissioners of acute and community care. East Lancashire Teaching PCT's responsibility for commissioning these services has been taken over by NHS East Lancashire CCG, and for the Longridge area by the Greater Preston CCG. In addition the primary care commissioning responsibility has been taken over by the NHS Commissioning Board and Public Health commissioning by the local authority.

As a result the SHA and PCT responsibility for scrutiny and assurance in relation to the Annual Report and Accounts and governance statements is lost. However, there is still a legal requirement for the Annual Report and Accounts and governance reports to be produced and scrutinised. To maintain rigour in the process, the Department of Health has facilitated the establishment of audit sub-committees to support the final accounts process for 2012/13. These sub-committees are sub-committees of the Department's Audit and Risk Committee.

#### Audit Committee

NHS Lancashire has set up its Audit Sub-Committee in compliance with the terms of reference received from the Department of Health, with the remit to review the annual report, financial statements and governance statement of the five NHS Lancashire Cluster PCTs prior to signing by the Accountable Officer and Director of Finance.

## Accountable Officer

To deliver the Annual Accounts, the Department of Health has arranged for the Area Director and the Director of Finance of the Lancashire Local Area Team (LAT) to sign the accounts and the supporting certificates, and that they will do so by authority of the Department. To facilitate this, both the Area Director and the Director of Finance are appointed on a secondment basis to the Department, in order to be designated as the Department's officers responsible for signing the accounts.

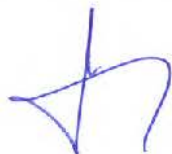
## Balance Transfer Arrangements

There is no direct successor to take responsibility for the closing balances of NHS East Lancashire Teaching PCT. Balances are transferred to the receiving organisations where the associated function transfers.

The Lancashire LAT Director of Finance is responsible for managing the process of handover of balances to receiver organisations; this responsibility lasts from 1st April 2013 to 31st July 2013.

## Transfer Schemes

Transfer schemes to ensure the accurate transfer of assets and liabilities from East Lancashire Teaching PCT to all receiving organisations have been prepared by PCT staff and are being finalised by the Lancashire Legacy Team.



J HAYBURN  
DIRECTOR OF FINANCE  
LANCASHIRE AREA TEAM

## FURTHER FINANCIAL INFORMATION

The financial information contained in the Annual Report is only a summary. A full set of accounts is available on request from:

Janet Jenkins  
NHS England – Lancashire Area  
2nd Floor Preston Business Centre  
Watling Street Road  
Fulwood  
Preston  
PR2 8DY  
Email: JanetJenkins@nhs.net

## Operating Costs for the Year Ended 31 March 2013

### Statement of comprehensive net expenditure for the period ended: 31 March 2013

	2012/13	2011/12
	£000	£000
Gross Employee Benefits	15,011	21,218
Other Costs	716,238	682,519
Less Revenue	(20,760)	(20,173)
<b>Net operating costs before interest</b>	<b>710,489</b>	<b>683,564</b>
Investment Revenue	(103)	(141)
Other (Gains)/Losses	0	28
Finance costs	4,149	3,760
<b>Net operating costs for the financial year</b>	<b>714,535</b>	<b>687,211</b>

## Statement of Financial Position as at 31 March 2013

	31 March 2013	31 March 2012
	£000	£000
<b>Non-current assets:</b>		
Property, plant and equipment	100,316	104,584
Intangible assets	0	30
Investment Property	0	0
Other financial assets	692	710
Trade and other receivables	0	0
<b>Total non-current assets</b>	<b>101,008</b>	<b>105,324</b>
<b>Current assets:</b>		
Inventories	0	0
Trade and other receivables	2,902	5,702
Other financial assets	0	0
Other current assets	0	0
Cash and cash equivalents	0	0
	<b>2,902</b>	<b>5,702</b>
Non-current assets classified "Held for Sale"	0	0
<b>Total current assets</b>	<b>2,902</b>	<b>5,702</b>
<b>Total assets</b>	<b>103,910</b>	<b>111,026</b>
<b>Current liabilities</b>		
Trade and other payables	(34,835)	(49,196)
Other liabilities	0	0
Provisions	(15,747)	(4,282)
Borrowings	(805)	(765)
Other financial liabilities	0	0
<b>Total current liabilities</b>	<b>(51,387)</b>	<b>(54,243)</b>
<b>Total assets less current liabilities</b>	<b>52,523</b>	<b>56,783</b>
<b>Non-current liabilities</b>		
Trade and other payables	0	0
Provisions	(150)	(136)
Borrowings	(46,204)	(47,008)
Other financial liabilities	0	0
Other liabilities	0	0
<b>Total non-current liabilities</b>	<b>(46,354)</b>	<b>(47,144)</b>
<b>Total Assets Employed:</b>	<b>6,169</b>	<b>9,639</b>
	<b>31 March 2013</b>	<b>31 March 2012</b>
	<b>£000</b>	<b>£000</b>
<b>FINANCED BY:</b>		
<b>TAXPAYERS' EQUITY</b>		
General fund	(7,353)	(5,192)
Revaluation reserve	13,522	14,831
Other reserves	0	0
<b>Total Taxpayers' Equity:</b>	<b>6,169</b>	<b>9,639</b>

## Operating Segments

East Lancashire Teaching PCT has applied IFRS 8 in determining its operating segments. An operating segment represents a component that offers different services, for which financial information is reported to the PCT Board and is used to assess performance and allocate resources.

Since the PCT divested itself of all provider services in June 2011, the financial reports of the PCT have been reported as one segment.

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

For the year ended 31 March 2013

	General Fund	Revalua- tion Re- serve	Other Re-Totals Reserves
	£000	£000	£000 £000
<b>Balance at 1 April 2012</b>	(5,192)	14,831	0 9,639
Merger Adjustments	0	0	0 0
Other Adjustments	0	0	0 0
<b>Restated Balance at 01 April 2012</b>	<b>(5,192)</b>	<b>14,831</b>	<b>0 9,639</b>
9,639			
<b>Changes in taxpayers equity for 2012/13</b>			
Net operating cost for the year	(714,535)	0	0 (714,535)
Net gain on revaluation of property, plant and equipment	0	0	0 0
Net gain on revaluation of intangible assets	0	0	0 0
Net gain on revaluation of financial assets	0	0	0 0
Net gain on revaluation of assets held for sale	0	0	0 0
Impairments and reversals	0	(958)	0 (958)
Movements in other reserves	0	0	0 0
Transfers between reserves	323	(323)	0 0
Release of reserves to SOCNE	0	(28)	0 (28)
Reclassification adjustment on disposal of available for sale financial assets	0	0	0 0
Net actuarial gain/(loss) on pensions			
<b>Total recognised income and expense for 2012/13</b>	<b>(714,212)</b>	<b>(1,309)</b>	<b>0 (715,521)</b>
Net Parliamentary Funding	712,051		712,051
<b>Balance at 31 March 2013</b>	<b>(7,353)</b>	<b>13,522</b>	<b>0 6,169</b>

## Changes in Taxpayers' equity for 2011/12

	General Fund	Revalua- tion Re- serve	Other Re-Total Re- serves serves
	£000	£000	£000 £000
<b>Balance at 1 April 2011</b>	<b>1,106</b>	<b>14,441</b>	<b>0 15,547</b>
Adjustment for accounting policy changes (dona-tions and grants)	0	0	0 0
Opening Balance Adjustment TCS	0	0	0 0
<b>Restated Balance at 01 April 2012</b>	<b>1,106</b>	<b>14,441</b>	<b>0 15,547</b>
<b>Changes in taxpayers equity for 2011-12</b>			
Net operating cost for the year	(687,211)	0	0 (687,211)
Net gain on revaluation of property, plant and equipment	0	0	0 0
Net gain on revaluation of intangible assets	0	0	0 0
Net gain on revaluation of financial assets	0	0	0 0
Net gain on revaluation of assets held for sale	0	0	0 0
Impairments and reversals	0	871	0 871
Movements in other reserves	0	0	0 0
Transfers between reserves	481	(481)	0 0
Transfer to/(from) other bodies within the group	0	0	0 0
Reclassification adjustment on disposal of available for sale financial assets	0	0	0 0
Net actuarial gain/(loss) on pensions	0	0	0 0
<b>Total recognised income and expense for 2011-12</b>	<b>(686,730)</b>	<b>390</b>	<b>0 (686,340)</b>
Net Parliamentary Funding	680,432	0	0 680,432
<b>Balance at 31 March 2012</b>	<b>(5,192)</b>	<b>14,831</b>	<b>0 9,639</b>

## Statement of Cash Flows for the Year Ended 31 March 2012

	2012/13	2011/12
	<b>£000</b>	<b>£000</b>
<b>Cash flows from operating activities</b>		
Net operating cost before interest	(710,489)	(683,564)
Depreciation and Amortisation	4,937	3,212
Impairments and Reversals	5,503	(866)
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	(4,149)	(3,756)
Release of PFI / Deferred credit	0	0
(Increase) / Decrease in inventories	0	27
(Increase) / Decrease in Trade and Other Receivables	2,800	(480)
(Increase)/Decrease in Other Current Assets	0	0
Increase/(Decrease) in Trade and Other Payables	(14,219)	5,910
(Increase)/Decrease in Other Current Liabilities	0	0
Provisions Utilised	(2,944)	(1,088)
Increase/(Decrease) in Provisions	14,404	2,945
<b>Net cash Inflow / (Outflow) from operating activities</b>	<b>(704,157)</b>	<b>(677,660)</b>
<b>Cash flows from investing activities</b>		
Interest Received	103	141
(Payments) for Property, Plant and Equipment	(7,252)	(2,393)
(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	149
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	18	26
Rental Revenue	0	0
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(7,131)</b>	<b>(2,077)</b>
<b>Net cash inflow/(outflow) before financing</b>	<b>(711,288)</b>	<b>(679,737)</b>
<b>Cash flows from financing activities</b>		
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT	(763)	(695)
Net Parliamentary Funding	712,051	680,432
Capital Receipts Surrendered	0	0
Capital grants and other capital receipts	0	0
<b>Net cash inflow/(outflow) from financing</b>	<b>711,288</b>	<b>679,737</b>

Net increase/(decrease) in cash and cash equivalents

0 0

2012/13 2011/12

£000 £'000

Cash (and) cash equivalents (and bank overdrafts) at the beginning 0 0

of the Period

Opening balance adjustment – TCS transactions 0 0

Restated Cash and Cash Equivalents (and Bank Overdraft) at Begin-

ning of the Period 0 0

Effect of exchange rate changes on the balance of cash held in for-

eign currencies 0 0

Cash (and) cash equivalents (and bank overdrafts) at the end of the

financial year 0 0



## Financial Performance Targets

Revenue Resource Limit	2012/13	2011/12
	£000	£000

The PCTs' performance for the year ended 31 March 2012 is as follows:

Total Net Operating Cost for the Financial Year	714,535	687,211
Non-Discretionary Expenditure	0	0
<b>Net Operating Cost less Non Discretionary Expenditure</b>	<b>714,535</b>	<b>687,211</b>
Revenue Resource Limit	717,959	690,535
<b>Under/(Over)spend Against Revenue Resource Limit (RRL)</b>	<b>3,424</b>	<b>3,324</b>

Capital Resource Limit	2012/13	2011/12
	£000	£000

The PCT is required to keep within its Capital Resource Limit. **Total Gross Capital Expenditure**

Loss in Respect of Disposals of Donated Assets	7,118	2,222
less: Net Book Value of Assets Disposed of to NHS Bodies	0	0
less: Net Book Value of Assets Disposed of to non-NHS Bodies	0	0
less: Net Book Value of Financial Instruments (Investments) Dis-posed Of to NHS bodies	(18)	(176)
less: Net Book Value of Financial Instruments (Investments) Dis-posed Of to Non-NHS bodies		
less: Capital Grants Received less: Donations	0	0
<b>Charge Against the Capital Resource Limit (CRL)</b>	<b>0</b>	<b>(26)</b>
Capital Resource Limit (CRL)	0	0
<b>(Over)/Underspend Against CRL</b>	<b>0</b>	<b>0</b>

	7,100	2,020
	7,100	2,124
	0	104

## Provider Full Cost Recovery Duty

The PCT has divested itself of Provider Services. From 01 April 2011, Adult services were transferred to East Lancashire Hospitals NHS Trust, whilst Children's Services and Dentistry were transferred to Lancashire Care NHS Foundation Trust on 01 June 2011. Under merger accounting principles, the PCT has to account as if all the services transferred on 01 April 2011. Therefore the provider full cost recovery note is no longer reported.

## Miscellaneous Revenue

	2012/13	2012-13	2012-13	2011/12
	Total Admin £000	£000	Pro- gramme £000	Total £000
Fees and Charges	193	0	193	89
Dental Charge income from Contractor-Led GDS & PDS	3,985	0	3,985	3,635
Dental Charge income from Trust-Led GDS & PDS	0	0	0	0
Prescription Charge income	3,927	0	3,927	3,893
Strategic Health Authorities	1,642	0	1,642	1,761
NHS Trusts	3,716	0	3,716	3,995
NHS Foundation Trusts	3,073	0	3,073	3,590
Primary Care Trusts Contributions to DATs	0	0	0	0
Primary Care Trusts - Other	2,133	850	1,283	1,517
Primary Care Trusts - Lead Commissioning	0	0	0	0
English RAB Special Health Authorities	0	0	0	0
Other English Special Health Authorities	0	0	0	0
Department of Health - SMPTB	0	0	0	0
Department of Health - Other	9	0	9	27
Recoveries in respect of employee benefits	542	542	0	214
Local Authorities	495	0	495	471
Patient Transport Services	0	0	0	0
Education, Training and Research	0	0	0	0
Non-NHS: Private Patients	0	0	0	0
Non-NHS: Overseas Patients (Non-Reciprocal)	0	0	0	1
NHS Injury Costs Recovery	0	0	0	0
Other Non-NHS Patient Care Services	35	0	35	32
Charitable and Other Contributions to Expendi-ture	0	0	0	5
Receipt of donated assets	0	0	0	0
Receipt of Government granted assets	0	0	0	0
Contingent Rental Income from Finance Leases	0	0	0	0
Rental Income from Operating Leases	0	0	0	0
Other income	1,010	0	1,010	943
<b>Total miscellaneous income</b>	<b>20,760</b>	<b>1,392</b>	<b>19,368</b>	<b>20,173</b>

## Operating Costs

Analysis of operating costs:	2012/13	2012/13	2012/13	2011/12
	TOTAL	Admin	Programme	TOTAL
	£000	£000	£000	£000
<b>Goods and Services from Other PCTs</b>				
Healthcare	77,617	0	77,617	68,673
Non-Healthcare	4,115	4,115	0	3,500
<b>Total</b>	<b>81,732</b>	<b>4,115</b>	<b>77,617</b>	<b>72,173</b>
<b>Goods and Services from Other NHS Bodies other than FTs</b>				
Goods and Services from NHS Trusts	274,163	494	273,669	267,260
Goods and Services (other, excl Trusts, FT and PCT)	162	162	0	7,745
<b>Total</b>	<b>274,325</b>	<b>656</b>	<b>273,669</b>	<b>275,005</b>
Goods and Services from Foundation Trusts	115,375	1,764	113,611	116,093
Purchase of Healthcare from Non-NHS bodies	60,185	0	60,185	42,068
Social Care from Independent Providers	0	0	0	0
Expenditure on Drugs Action Teams	0	0	0	0
Non-GMS Services from GPs	0	0	0	0
Contractor Led GDS & PDS (excluding employ-ee benefits)	21,034	0	21,034	20,211
Salaried Trust-Led PDS & PCT DS (excluding employee benefits)	0	0	0	0
Chair, Non-executive Directors	87	87	0	95
PCE Executive Committee members costs	284	284	0	300
Consultancy Services	232	232	0	318
Prescribing Costs	63,678	0	63,678	67,944
G/PMS, APMS and PCTMS (excluding employee benefits)	53,077	0	53,077	51,097
Pharmaceutical Services	0	0	0	0
Local Pharmaceutical Services Pilots	0	0	0	149
New Pharmacy Contract	17,850	0	17,850	18,340
General Ophthalmic Services	4,188	0	4,188	3,959
Supplies and Services – Clinical	375	0	375	1,048
Supplies and Services – General	580	6	574	528
Establishment	1,417	1,371	46	1,081
Transport	46	39	7	348
Premises	8,708	979	7,729	7,260
Impairments & Reversals of Property, plant and equipment	5,503	0	5,503	(866)
Impairments and Reversals of non-current as-sets held for sale	0	0	0	0
Depreciation	4,907	0	4,907	3,187
Amortisation	30	0	30	25
Impairment & Reversals Intangible non-current assets	0	0	0	0
Impairment and Reversals of Financial Assets	0	0	0	0
Impairment of Receivables	(605)	0	(605)	0

Inventory write offs	0	0	0	0
Research and Development Expenditure	0	0	0	0
Audit Fees	101	101	0	255
Other Auditors Remuneration	84	84	0	0
Clinical Negligence Costs	0	0	0	0
Education and Training	0	0	0	68
Grants for capital purposes	0	0	0	0

	2012/13	2012/13	2012/13	2011/12
	TOTAL	Admin	Programme	TOTAL
	£ 0 0 0	£ 0 0 0	£ 0 0 0	£ ' 0 0 0

Grants for revenue purposes 0 0 0 0

Other 3,045 2,306 739 1,833

**Total Operating costs charged to OCS**

(excluding employee benefits) 716,238 12,024 704,214 682,519

#### Employee Benefits

Employee Benefits associated with PCTMS Trust Led PDS and  
PCT DS PCT Officer Board Members

0	0	0	2,953
0	0	0	0
405	405	0	1,424

Other Employee Benefits 14,606 9,190 5,416 16,841

**Total Employee Benefits charged to OCS** 15,011 9,595 5,416 21,218

**Total Operating Costs** 731,249 21,619 709,630 703,737

### Better Payment Practice Code

#### Measure of compliance 2012/13

	2012/13	2011/12	2011/12
Number	£000	Number	£000

#### Non-NHS Payables

Total Non-NHS Trade Invoices Paid in the Year **18,365**

**83,944** 17,103 65,621

Total Non-NHS Trade Invoices Paid Within Target

**17,859** **80,415** 16,705 64,832

**Percentage of Non-NHS Trade Invoices Paid With-in Target**

**97.24%** **95.80%** 97.67% 98.80%

#### NHS Payables

Total NHS Trade Invoices Paid in the Year **4,523**

**483,930** 5,237 431,170

Total NHS Trade Invoices Paid Within Target

**4,413** **482,615** 5,147 430,901

**Percentage of NHS Trade Invoices Paid Within**

**97.57%** **99.73%** 98.28% 99.94%

**Target**

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.

## External Audit Fees

Grant Thornton UK LLP are the PCTs appointed External Auditors and we paid a total of £120k to them in 2012/13.

The breakdown of total audit expenditure is as follows:

	£'000
External Audit Services	101
Further Assurance Work	84
Total Expenditure on External Audit Work	185

The work undertaken as part of External Audit Services encompasses all the work carried out under the Audit Commission's Code of Audit Practice, namely audit of the annual financial statements and the issue of a value for money conclusion on the PCT's use of resources.

During the year, both Grant Thornton ( the PCT's external auditor appointed by the Audit Commission) and those charged with the governance of the PCT, have assessed the potential conflicts of interest. Both were able to conclude that none were found.

## Statement of Responsibility 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 April 2013 responsibility for finalising the accounts falls to the Secretary of State. Formal accountability lies with the Department of Health's Accounting Officer and her letter of 28 March 2013 designated the Signing Officer and Finance Signing Officer, to discharge the following responsibilities for the Department in preparing the accounts:

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

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

By order of the Permanent Secretary.

6/18/13 Date  Designated Signing Officer

R JONES, AREA DIRECTOR, LANCASHIRE AREA TEAM

## Statement of the Responsibilities of the Signing Officer of the Primary Care Trust

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

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

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

Signed..........Designated Signing Officer

Name: R JONES, AREA DIRECTOR, LANCASHIRE AREA TEAM

Date..........

maintaining a sound system of internal control that supports the achievement of the organisation's objectives, and for reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve these objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing risk management process designed to identify the principal risks to the achievement of the organisation's objectives to evaluate the nature and extent of those risks, and to manage them

efficiently, effectively and economically. The system of internal control is underpinned by compliance with the requirements of the core Controls Assurance standards:

- Governance;
- Financial Management;
- Risk Management.

As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control has taken account of the work of the executive management team within the organisation who have responsibility for the development and maintenance of the internal control framework, and of the internal auditors. I have also taken account of comments made by external auditors and other review bodies in their reports.

The assurance framework was fully embedded in the PCT by 31 March 2013 to provide the necessary evidence of an effective system of internal control.

A full copy of the Annual Governance Statement is available from:

Janet Jenkins  
NHS England – Lancashire Area  
2nd Floor Preston Business Centre  
Watling Street Road  
Fulwood  
Preston  
PR2 8DY  
Email: JanetJenkins@nhs.net

R JONES  
AREA DIRECTOR  
LANCASHIRE AREA TEAM



DATE: 6/4/13.

## Code of Conduct and Accountability

The highest standards of corporate and personal conduct are expected from the PCT Board and Executive Committee members, managers and all staff. The PCT operates within a clearly defined corporate governance framework covering internal financial regulations, formal schemes of delegation and systems of internal control. The PCT Board has established sub-committees for Audit, Remuneration and Risk Management, each chaired by a Non-Executive Director.



## Pay Multiples

East Lancashire Teaching PCT

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

The banded remuneration of the highest paid director in East Lancashire Teaching PCT in the financial year 2012/13 was £98k (2011/12 £298k). This was 5.69 times (2011/12 20.24 times) the median remuneration of the workforce, which was £17.25k (2011/12 £14.74k).

In 2012/13 27 (twenty seven) (2010/11 0(zero)) employees received remuneration in excess of the highest paid director. This was due to the number of redundancies during the year.

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

The PCT divested itself of provider services during 2011/12, which meant that following staff transfer to other healthcare organisations, both the number and composition of the workforce has changed resulting in a reduced median salary.

During 2011/12, the PCT clustering arrangements came into place. Executive Directors of the PCT Board were made compulsorily redundant. The salary of the highest paid director of the PCT included severance payment hence the high top level pay in 2011/12.

## Lancashire Cluster

From 01 June 2011, East Lancashire Teaching PCT became a member of the Lancashire Cluster, NHS Lancashire. As a result of this arrangement, the cost to the PCT of the highest paid Director of the NHS Lancashire Cluster Board is £43k. This equates to 2.50 times the median remuneration of the workforce for 2011/12.

## Remuneration Report – Salaries and Allowances

Name and Title	2012-13			2011-12		
	Salary (bands of £5000  £000	Other Remu- neration (bands of £5000  £000	Benefits in kind (rounded to the nearest £100) £00	Salary (bands of £5000)  £000	Other Remu- neration (bands of £5000)  £000	Benefits in kind (Rounded to the nearest £100) £00
PCT Staff Costs						
C. Crowther - Interim Director of Performance, Intelligence and Development	86-90	0-5	0	86-90	0-5	0
T Mansfield - Interim Director of Commissioning (from 01/01/12)	76-80	0-5	0	71-75	0-5	0
M. Youlton - Finance Director (from 28 Nov 11)	96-100	0-5	13	41-45	0-5	0

From 1 June 2011 – 31 March 2013 NHS East Lancashire became part of NHS Lancashire Cluster.

In response to a national decision to 'cluster' PCTs together the Boards of NHS Blackpool, NHS Blackburn with Darwen Care Trust Plus, NHS Central Lancashire, NHS East Lancashire and NHS North Lancashire approved proposals to implement a PCT Cluster governance model consisting of

- A single board meeting, transacting as far as is practicable, the business of all of the constituent statutory organisations
- A single Executive Team led by a single Chief Executive who is the Accountable Officer
- A single Chair and team of NEDs for all five organisations

NHS Lancashire Board was established 1 June 2011 and held its first meeting in public on 7 July 2011. It has been established as the embodiment of the Boards of the five Lancashire PCTs.

Each of the PCTs within the model contributes to a share of the costs of the clustering arrangements based on the size of each PCTs population as follows

	<b>Population (Weighted)</b>	<b>%</b>
NHS Blackburn with Darwen Care Trust Plus	171,120	10%
NHS Blackpool	175,165	10%
NHS Central Lancashire	458,874	29%
NHS East Lancashire	406,784	26%
NHS North Lancashire	345,799	22%
<b>Total</b>	<b>1,559,390</b>	<b>100%</b>

Name and Title	2012/2013			2011/2012		
	Salary (bands of £500)	Other Remuneration (bands of £500)	Benefits in kind (Rounded to the nearest £100)	Salary (bands of £500)	Other Remuneration (bands of £500)	Benefits in kind (Rounded to the nearest £100)
Lancashire Cluster - Full Costs	0	0	0	0	0	0
	0	0	0	1115	0	0
F. Atherton - Director of Public Health (resigned 04/05/2012)	35	0	0	65	0	0
G. Burgess Joint CE - Blackburn with Darwen Borough Council and NHS Care Trust Plus (resigned 31/08/2012)	30	0	0			
H. Catorall - Joint CE Blackburn with Darwen Borough Council and NHS Care Trust Plus (appointed 01/09/12)						
I. Cherry - Cluster Non-Exec	35	0	3	50	0	0
R. Fisher - Cluster Non-Exec				20	0	0
J. Gardner - Director of Medicine	1215	0	9	1610	0	5
W. Gormley - Cluster Non-Exec	35	0	0	25	0	0
G. Hardman - Director of Nursing (resigned 20/07/2012)	20	0	0	65	0	0
J. Higgs - Director of Performance	910	0	0	25	0	0
R. Huntbach - Cluster Non-Exec	45	0	0	35	0	0
P. Kenyon - Cluster Chairman	45	0	7	30	0	8
M. Maguire - Director of Commissioning Development (resigned 31/08/2012)	55	0	6	80	0	6
S. Parnaby - Director of HR, OD and Partnerships	1610	0	5	910	0	5
J. Soo-Chung - Chief Executive	1515	0	9	1610	0	9
W. Swift - Director of special Projects (resigned during 2011/2012)				1610	0	6
Sir W. Taylor - Cluster Non-Exec	30	0	0	20	0	0
D. Wharfe - Director of Finance	1315	0		1115	0	4
			3			

Table 2

Name and Title	2012-2013			2011-2012		
	Salary (bands of £5000)	Other Re-muneration (bands of £5000)	Benefits in kind (Rounded to the nearest £100)	Salary (bands of £5000)	Other Re-muneration (bands of £5000)	Benefits in kind (Rounded to the nearest £100)
	£000	£000	£00	£000	£000	£00
Lancashire Cluster staff costs to the PCT						
F. Atherton - Director of Public Health (resigned 04/05/2012)	0-5	0	0	26-30	0	0
G. Burgess Joint CE - Blackburn with Darwen Borough Council and NHS Care Trust Plus (resigned 31/08/2012)	6-10	0	0	16-20	0	0
H. Catterall - Joint CE Blackburn with Darwen Borough Council and NHS Care Trust Plus (appointed 01/09/12)	11-16	0	0			
I. Cherry - Cluster Non-Exec	6-10	0	1	1-5	0	0
R. Fisher - Cluster Non - Exec	6-10	0	0	6-10	0	0
J. Gardner - Director of Medicine	31-35	0	13	26-30	0	13
W. Gormley - Cluster Non-Exec	6-10	0	0	6-10	0	0
G. Hardman - Director of Nursing (resigned 20/07/2012)	6-10	0	0	16-20	0	0
J. Higgs - Director of Performance	26-30	0	0	6-10	0	0
R. Huntbach - Cluster Non-Exec	11-15	0	0	6-10	0	0
P. Kenyon - Cluster Chairman	11-15	0	5	6-10	0	5
M. Maguire - Director of Commissioning Development (resigned 31/08/2012)	11-15	0	16	21-25	0	16
S. Parnaby - Director of HR, OD and Partnerships	26-30	0	14	26-30	0	14
J Soo-Chung - Chief Executive	41-45	0	16	36-40	0	15
W.Swift - Director of special Projects (resigned during 2011/2012)				26-30	0	12
Sir W. Taylor - Cluster Non-Exec	11-15	0	0	6-10	0	0
D. Wharfe - Director of Finance	36-40	0	9	25-30	0	12

Benefits in kind included provision of leased cars and taxable travel expenses. R. JONES - Area Director, Lancashire Area Team - Designated Signing Officer

*R. Jones* 6/8/13



## Appointments

Non-Executive Directors are appointed via the NHS Appointments Commission, for an initial period of either four or five years.

The Chief Executive and other Executive Directors are permanent appointments, made through an application, interview and selection process.

Senior Executives remuneration, terms and conditions are applied in line with DoH guidance. They are subject to three months' notice of termination by either party in writing.

## Pension Benefit

name and Title	Real	Real	Total	Cash	Cash	Real	Employers	
	increase in pension at age 60 (bands of £250)	increase in lump sum at age 60 (bands of £250)	accrued pension at age 60 at 31 March 2013 (bands of £100)	Lump sum at age 60 related to accrued pension at 31 March 2013 (bands of £100)	equivalent transfer value at 31 March 2013	equivalent transfer value at 31 March 2012	increase in cash equivalent transfer value	contribution to stakeholder pension
C. Crowther - Interim Director of Performance, Intelligence and Development	20	20	30	1610	6	6	5	0
T. Mansfield - Interim director of Commissioning	20	20	25	50	3	3	6	0
M. Youlton - Finance Director	20	60-26	35	1610	6	6	5	0

Pension Entitlements - Cluster Directors

	Real increase/ (decrease) in pension at age 60 (bands of £250) £00	Real increase/ (decrease) in pension lump sum at age 60 (bands of £250) £00	Total Accrued pension at age 60 at 31st March 2013 (bands of £500) £00	Lump sum at age 60 related to accrued pension at 31 March 2013 (bands of £500) £00	Cash equivalent transfer value at 31st March 2013	Cash equivalent transfer value at 31st March 2012	Real increase/ (decrease) in cash equivalent transfer value	Employer's contribution to stakeholder pension
Ms Janet Soo Chung - Chief Executive	(12)	(25)	56	1570	15	9	7	h
Dr Frank Atherton - Director of Public Health (until 4th May 2012)	(12)	(12)	30	1100	7	3	4	h
Mrs Sally Parnaby - Director of HR, OD and Partnerships	(12)	(25)	46	1310	9	8	8	h
Dr Jim Gardner - Medical Director	26	70	30	1015	6	5	8	h
Mr Gary Hardman - Director of Nursing (until 20th July)	(12)	(12)	35	985	5	5	6	h
Mr David Wharfe - Director of Finance	(12)	(25)	56	1075	13	12	6	h
Mr Mike Maguire - Director of Commissioning Development (until 31st August)	(12)	(12)	30	1015	6	6	4	h
Ms Jane Higgs - Director of Performance	55	150	205	60	4	8	3	h

## Notes

### Notes

The pensions information disclosed above is the total pension entitlements for each Director and has not been split across the five Lancshires PCTs in the Cluster.

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

As Mr Graham Burgess is Chief Executive of Blackburn with Darwen Borough Council, he is a member of the Local Government Pension Scheme and his superannuation details will appear in the Blackburn with Darwen Borough Council Statement of Accounts 2011/12 (please refer to [www.blackburn.gov](http://www.blackburn.gov))

## 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 pensions scheme, not just their service in a senior capacity to which the 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 out of 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 arrangement) and uses common market valuation factors for the start and end of the period.

Annex C

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

	Main Department (Heading is not required)	ALBY (not relevant)
No. In place on 31 January 2012	0	
Of which:		
No. that have since come onto the organisation's payroll	None	
Of which:		
No. that have since been re-negotiated/re-engaged to include contractual clauses allowing the (department) to seek assurance as to their tax obligations	0	
No. that have not been successfully re-negotiated, and therefore continue without contractual clauses allowing the (department) to seek assurance as to their tax obligations	-	
No. that have come to an end	-	
Total	0	

In any cases where contracts have continued, without a successful re-negotiation to take into account the findings of the Review, the department should set out the reasons for this.



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

	Main Department (heading is not required)	ALBY (not relevant)
No. of new engagements	1	None
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		None
Of which:		
No. for whom assurance has been requested and received		None
No. for whom assurance has been requested and not received		None
No. that have been terminated as a result of assurance not being received		None
Total		

In any case where, exceptionally, the department has engaged without including contractual clauses allowing the department to seek assurance as to their tax obligations – or where assurance has been requested and not received, without a contract termination – the department should set out the reasons for this.

## Trust Information

This document was produced by:

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Walshaw House Regent Street Nelson  
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BB9 8AS

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Witryna internetowa: [www.eastlancspct.nhs.uk](http://www.eastlancspct.nhs.uk)

Bengali:

যদি আপনি এই অনুবাদিত পুস্তিকার কপি করতে চান, অনুগ্রহ করে যোগাযোগ করুন:

টেলি: 01282 644700

ইমেইল: [communications@eastlancspct.nhs.uk](mailto:communications@eastlancspct.nhs.uk)

ওয়েবসাইট: [www.eastlancspct.nhs.uk](http://www.eastlancspct.nhs.uk)

Urdu:

ار ہو تو برائے مہربانی رابطہ - اپی در-ی - ے ترجمے - و اس لیفلیٹ - اگر آپ

ریں:-

ٹیلیفون: 01282 644700

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[www.eastlancspct.nhs.uk](http://www.eastlancspct.nhs.uk)

## Freedom of Information Act (FOI)

The FOI Act gives the right to all individuals to request access to information held by the Trust. If you wish to make a request contact the Freedom of Information Administrator at the above address.

## Patient Experience Team

This is a free, confidential service that helps patients, their families and carers through the healthcare system. The service can be contacted as follows:

Helpline: 0845 603 1068

Textline: 07884 180 309

Email: [patientexperienceteam@eastlancspct.nhs.uk](mailto:patientexperienceteam@eastlancspct.nhs.uk)

## Who We Listen To

We exist to improve the health and wellbeing of our local residents, so we listen closely to what you have to say and ask for your feedback through surveys, meet-ings, events and so on. We have a programme of community engagement and there are a variety of ways in which you can get involved with local health services on a volunteer basis.

If you are interested in receiving more information about the Trust or want to get involved in its work, please contact us on 01282 644700.

## Diversity and Equality Statement

Within NHS East Lancashire we value the richness that diversity brings. We believe that to commission and deliver services which are sensitive to the needs of every-one we serve, and especially equality target groups, we need a workforce which closely resembles the make up of the local population. We will do all we can to make sure that job applicants and employees do not receive less favourable treat-ment because of their age, sex, marital status, faith, race, disability or sexual orien-tation, or for any other reason that is not justified.

By 'diversity' we mean valuing people's differences By 'equality' we mean treating people fairly



## **INDEPENDENT AUDITOR'S REPORT TO THE DEPARTMENT OF HEALTH'S ACCOUNTING OFFICER IN RESPECT OF EAST LANCASHIRE TEACHING PRIMARY CARE TRUST**

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

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

- the table of salaries and allowances of senior managers and related narrative notes on pages 38 and 40 to 41 of the Annual Report;
- the table of pension benefits of senior managers and related narrative notes on pages 42 to 44 of the Annual Report; and
- the disclosure of pay multiples and related narrative notes on page 38 of the Annual Report.

This report is made solely to the Department of Health's accounting officer in respect of East Lancashire Teaching Primary Care Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 45 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. 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 East Lancashire Teaching Primary Care Trust as at 31 March 2013 and of its net operating costs for the year then ended; and
- have been prepared properly in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

### **Opinion on other matters**

In our opinion:

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

### **Matters on which we report by exception**

We report to you if:

- in our opinion the governance statement does not reflect compliance with the Department of Health's Guidance;
- we refer the matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because we have 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 arrangements for the demising Primary Care Trust.

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

### **Certificate**

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

Fiona Blatcher  
Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP  
4 Hardman Square  
Spinningfields  
Manchester  
M3 3EB

7 June 2013



Department  
of Health



# East Lancashire Teaching Primary Care Trust

2012-13 Accounts



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# East Lancashire Teaching Primary Care Trust

2012-13 Accounts

## Statement of the Responsibilities of the Signing Officer of the Primary Care Trust

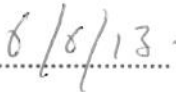
The Department of Health's Accounting Officer designates the Signing Officer of the accounts of PCTs in England, an officer of the Department of Health, to discharge the following responsibilities for the Department, to ensure that for the year ended 31 March 2013:

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

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

Signed..........Designated Signing Officer

Name: R JONES, AREA DIRECTOR, LANCASHIRE AREA TEAM

Date..........

## Statement of Directors' Responsibility in Respect of Internal Control

The Board is accountable for internal control. As Accountable Officer, and Chief Executive Officer of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's objectives, and for reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve these objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing risk management process designed to identify the principal risks to the achievement of the organisation's objectives to evaluate the nature and extent of those risks, and to manage them

## Statement of Responsibility 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.

5/6/13 Date  Designated Signing Officer  
R JONES, AREA DIRECTOR, LANCASHIRE AREA TEAM

6/6/13 Date  Finance Signing Officer

J HAYBURN, DIRECTOR OF FINANCE, LANCASHIRE AREA TEAM



## **INDEPENDENT AUDITOR'S REPORT TO THE DEPARTMENT OF HEALTH'S ACCOUNTING OFFICER IN RESPECT OF EAST LANCASHIRE TEACHING PRIMARY CARE TRUST**

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

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

- the table of salaries and allowances of senior managers and related narrative notes on pages 38 and 40 to 41 of the Annual Report;
- the table of pension benefits of senior managers and related narrative notes on pages 42 to 44 of the Annual Report; and
- the disclosure of pay multiples and related narrative notes on page 38 of the Annual Report.

This report is made solely to the Department of Health's accounting officer in respect of East Lancashire Teaching Primary Care Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 45 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. 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 East Lancashire Teaching Primary Care Trust as at 31 March 2013 and of its net operating costs for the year then ended; and
- have been prepared properly in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

### **Opinion on other matters**

In our opinion:

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

### **Matters on which we report by exception**

We report to you if:

- in our opinion the governance statement does not reflect compliance with the Department of Health's Guidance;
- we refer the matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because we have 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 arrangements for the demising Primary Care Trust.

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

### **Certificate**

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



Fiona Blatcher  
Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP  
4 Hardman Square  
Spinningfields  
Manchester  
M3 3EB

7 June 2013

**Statement of Comprehensive Net Expenditure for year ended  
31 March 2013**

	NOTE	2012-13 £000	2011-12 £000
<b>Administration Costs and Programme Expenditure</b>			
Gross employee benefits	7.1	15,011	21,218
Other costs	5.1	716,238	682,519
Income	4	(20,760)	(20,173)
<b>Net operating costs before interest</b>		<b>710,489</b>	<b>683,564</b>
Investment income	9	(103)	(141)
Other (Gains)/Losses	10	0	28
Finance costs	11	4,149	3,760
<b>Net operating costs for the financial year</b>		<b>714,535</b>	<b>687,211</b>
Transfers by absorption -(gains)		0	
Transfers by absorption - losses		0	
<b>Net (gain)/loss on transfers by absorption</b>		<b>0</b>	
<b>Net Operating Costs for the Financial Year including absorption transfers</b>		<b>714,535</b>	<b>687,211</b>
<b>Of which:</b>			
<b>Administration Costs</b>			
Gross employee benefits	7.1	9,595	11,765
Other costs	5.1	12,024	9,652
Income	4	(1,392)	(1,076)
<b>Net administration costs before interest</b>		<b>20,227</b>	<b>20,341</b>
Investment income	9	0	0
Other (Gains)/Losses	10	0	0
Finance costs	11	0	0
<b>Net administration costs for the financial year</b>		<b>20,227</b>	<b>20,341</b>
<b>Programme Expenditure</b>			
Gross employee benefits	7.1	5,416	9,453
Other costs	5.1	704,214	672,867
Income	4	(19,368)	(19,097)
<b>Net programme expenditure before interest</b>		<b>690,262</b>	<b>663,223</b>
Investment income	9	(103)	(141)
Other (Gains)/Losses	10	0	28
Finance costs	11	4,149	3,760
<b>Net programme expenditure for the financial year</b>		<b>694,308</b>	<b>666,870</b>
<b>Other Comprehensive Net Expenditure</b>			
		2012-13 £000	2011-12 £000
Impairments and reversals put to the Revaluation Reserve		958	(871)
Net (gain) on revaluation of property, plant & equipment		0	0
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		28	
Net actuarial (gain)/loss on pension schemes		0	0
<b>Reclassification Adjustments</b>			
Reclassification adjustment on disposal of available for sale financial assets		0	0
<b>Total comprehensive net expenditure for the year*</b>		<b>715,521</b>	<b>686,340</b>




**Statement of Financial Position at  
31 March 2013**

	31 March 2013	31 March 2012
NOTE	£000	£000
<b>Non-current assets:</b>		
Property, plant and equipment	12 100,316	104,584
Intangible assets	13 0	30
investment property	15 0	0
Other financial assets	21 692	710
Trade and other receivables	19 0	0
<b>Total non-current assets</b>	<u>101,008</u>	<u>105,324</u>
<b>Current assets:</b>		
Inventories	18 0	0
Trade and other receivables	19 2,902	5,702
Other financial assets	36 0	0
Other current assets	22 0	0
Cash and cash equivalents	23 0	0
<b>Total current assets</b>	<u>2,902</u>	<u>5,702</u>
Non-current assets held for sale	24 0	0
<b>Total current assets</b>	<u>2,902</u>	<u>5,702</u>
<b>Total assets</b>	<u>103,910</u>	<u>111,026</u>
<b>Current liabilities</b>		
Trade and other payables	25 (34,835)	(49,196)
Other liabilities	26,28 0	0
Provisions	32 (15,747)	(4,282)
Borrowings	27 (805)	(765)
Other financial liabilities	36.2 0	0
<b>Total current liabilities</b>	<u>(51,387)</u>	<u>(54,243)</u>
<b>Non-current assets plus/less net current assets/liabilities</b>	<u>52,523</u>	<u>56,783</u>
<b>Non-current liabilities</b>		
Trade and other payables	25 0	0
Other Liabilities	28 0	0
Provisions	32 (150)	(136)
Borrowings	27 (46,204)	(47,008)
Other financial liabilities	36.2 0	0
<b>Total non-current liabilities</b>	<u>(46,354)</u>	<u>(47,144)</u>
<b>Total Assets Employed:</b>	<u>6,169</u>	<u>9,639</u>
<b>Financed by taxpayers' equity:</b>		
General fund	(7,353)	(5,192)
Revaluation reserve	13,522	14,831
Other reserves	0	0
<b>Total taxpayers' equity:</b>	<u>6,169</u>	<u>9,639</u>

The notes on pages 5 to 45 form part of this account.

The financial statements on pages 1 to 4 were approved by the Board on 6 June 2013 and signed on its behalf by

  
Designated Signing Officer  
Richard Jones  
Area Team Director  
Lancashire Area Team

Date: 6/6/13

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

	General fund	Revaluation reserve	Other reserves	Total reserves
	£000	£000	£000	£000
<b>Balance at 1 April 2012</b>	<b>(5,192)</b>	<b>14,831</b>	<b>0</b>	<b>9,639</b>
<b>Changes in taxpayers' equity for 2012-13</b>				
Net operating cost for the year	(714,535)			(714,535)
Net gain on revaluation of property, plant, equipment		0		0
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		(958)		(958)
Movements in other reserves			0	0
Transfers between reserves*	323	(323)		0
Release of Reserves to SOCNE		(28)		(28)
<b>Reclassification Adjustments</b>				
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
<b>Total recognised income and expense for 2012-13</b>	<b>(714,212)</b>	<b>(1,309)</b>	<b>0</b>	<b>(715,521)</b>
Net Parliamentary funding	712,051			712,051
<b>Balance at 31 March 2013</b>	<b>(7,353)</b>	<b>13,522</b>	<b>0</b>	<b>6,169</b>
<b>Balance at 1 April 2011</b>	<b>1106</b>	<b>14441</b>	<b>0</b>	<b>15,547</b>
<b>Changes in taxpayers' equity for 2011-12</b>				
Net operating cost for the year	(687,211)			(687,211)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment		0		0
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		871		871
Movements in other reserves			0	0
Transfers between reserves*	481	(481)		0
Release of Reserves to Statement of Comprehensive Net Expenditure		0		0
<b>Reclassification Adjustments</b>				
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
<b>Total recognised income and expense for 2011-12</b>	<b>(686,730)</b>	<b>390</b>	<b>0</b>	<b>(686,340)</b>
Net Parliamentary funding	680,432			680,432
<b>Balance at 31 March 2012</b>	<b>(5,192)</b>	<b>14,831</b>	<b>0</b>	<b>9,639</b>

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

	NOTE	2012-13 £000	2011-12 £000
<b>Cash Flows from Operating Activities</b>			
Net Operating Cost Before Interest		(710,489)	(683,564)
Depreciation and Amortisation		4,937	3,212
Impairments and Reversals		5,503	(866)
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		(4,149)	(3,756)
Release of PFI/deferred credit		0	0
(Increase)/Decrease in Inventories		0	27
(Increase)/Decrease in Trade and Other Receivables		2,800	(480)
(Increase)/Decrease in Other Current Assets		0	0
Increase/(Decrease) in Trade and Other Payables		(14,219)	5,910
(Increase)/Decrease in Other Current Liabilities		0	0
Provisions Utilised		(2,944)	(1,088)
Increase/(Decrease) in Provisions		14,404	2,945
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>		<b>(704,157)</b>	<b>(677,660)</b>
<b>Cash flows from investing activities</b>			
Interest Received		103	141
(Payments) for Property, Plant and Equipment		(7,252)	(2,393)
(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	149
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		18	26
Rental Revenue		0	0
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>		<b>(7,131)</b>	<b>(2,077)</b>
<b>Net cash inflow/(outflow) before financing</b>		<b>(711,288)</b>	<b>(679,737)</b>
<b>Cash flows from financing activities</b>			
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		(763)	(695)
Net Parliamentary Funding		712,051	680,432
Capital Receipts Surrendered		0	0
Capital grants and other capital receipts		0	0
Cash Transferred (to)/from Other NHS Bodies (free text note required)		0	0
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>		<b>711,288</b>	<b>679,737</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>0</b>	<b>0</b>
<b>Cash and Cash Equivalents ( and Bank Overdraft) at Beginning of the Period</b>		<b>0</b>	<b>0</b>
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies		0	0
<b>Cash and Cash Equivalents (and Bank Overdraft) at year end</b>		<b>0</b>	<b>0</b>

## 1. Accounting policies

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

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

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

### 1.1 Accounting Conventions

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

#### Dissolution of the PCT

Under the provisions of *The Health and Social Care Act 2012 (Commencement No.4. Transitional, Savings and Transitory Provisions) Order 2013*, East Lancashire Teaching PCT was dissolved on 1<sup>st</sup> April 2013. The PCT's functions, assets and liabilities transferred to other public sector entities as outlined in Note 42 *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.

#### Transforming Community Services (TCS) transactions

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

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*.

#### Acquisitions and Discontinued Operations

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

#### Critical accounting judgements and key sources of estimation uncertainty

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

#### Critical judgements in applying accounting policies

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

The PCT has six LIFT schemes in operation which have been accounted for on-statement of financial position in accordance with the Department of Health guidance. The PCT's accounting policy is detailed in Note 1.25 Private Finance Initiative (PFI) and NHS LIFT transactions. Full disclosure is made in Note 34: PFI and LIFT - additional information. The PCT has relied on the critical judgement of the District Valuer in providing the residual value of each of the LIFT properties at the end of the lease.

## 1. Accounting policies (continued)

### 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:

#### Provision for Bad Debt

An estimation relating to the likelihood of aged debt being settled has been made and a provision raised for the amount deemed likely to be at risk. At 31 March 2013 there was £ 2,082,000 aged over 30 days as opposed to £1,294,000 at 31 March 2012. Assessment as to the likelihood of settlement has been applied on an individual material invoice basis and provision made on the basis of that assessment. (Total £182,000).

### Restitution Cases

#### 1. Background

On March 15 2012, the Department of Health announced the introduction of deadlines for individuals to request an assessment of eligibility for NHS Continuing Healthcare (CHC) funding for previously un-assessed periods of care for the period 1 April 2004 to 31 December 2012. This information was communicated to the public via Strategic Health Authorities and local Primary Care Trusts (PCT) communication teams. The deadline for requests to be received by PCTs was 30 September 2012.

All PCTs across the country received a high volume of requests, a position not anticipated by the Department of Health. Strategic Health Authorities across England in October 2012 issued guidance to PCTs titled 'Continuing Healthcare Retrospective Review Process'. The guidance set out the approach that PCTs should adopt when dealing with requests for assessment of past periods of care between 1 April 2004 and 31 December 2012.

#### 2. Current Position

The PCT received a total of 515 individual requests for CHC retrospective reviews some of which have been re-directed to other responsible commissioners others have been immediately rejected due to lack of information provided and individuals deciding not to pursue.

This leaves the current position as follows:-

The number of cases (405) which have been assessed in terms of potential length of claim and determined, by reference to the timescales, an average weekly rate inclusive of Retail Price Inflation. To this subsequent value has been attributed the following assumptions:

- A The patients are assumed to have been placed 70% in Residential Homes and 30% in Nursing.
- B The Residential element is then assumed to convert at only 10% whilst the nursing element will convert at 55%.

#### 3. Proposal for clearing of outstanding cases

It has been advised by the Department of Health that CCGs are to be responsible for undertaking retrospective reviews and for meeting the financial consequences of the outcomes of those reviews. Financial provision is to be made in the final accounts of PCTs to take account of (a) the cost of undertaking reviews and (b) the care costs of successful patients. To that extent the costs include an estimate of the contribution towards the CSU team of £259,260.

#### 4. Sensitivity Analysis

The new provision brought into the accounts for 2012/13 equates to £13,531,000 as shown in note 32. The review and resolution of restitution claims is anticipated to take up to two years. The following notes give an indication of the sensitivity of the estimated provision to changes in the key assumptions adopted:-

- a difference of +/- 10% on the split between residential and nursing home provision would have an impact on the operating costs statement of +/- £2.4m and +/- £2.8m respectively
- a difference of +/- 10% on the conversion assumptions would have an impact on the operating cost statement of +/- £5.6m and +/- £6.0m respectively.

Such impact would need to be absorbed in the accounts at the point when either the whole of the provision had been exhausted or all of the cases have been reviewed and resolved.

### Contract Payments to NHS Providers

Final contract payments to NHS providers have been based upon the latest information available, and this has usually been managed through the host organisation on behalf of itself and associates, with the host informing its associates of the agreed values. In the example of East Lancashire Hospitals NHS Trust, our major provider, the forecast has been based upon month 10 (January 2013) forecast outturn, for 12 months 2012/13.

## **1. Accounting policies (continued)**

### **1.2 Revenue and Funding**

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

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

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

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

### **1.3 Pooled budgets**

The PCT has entered into a pooled budget with Lancashire County Local Authority. Under the arrangement funds are pooled under S75 of the NHS Act 2006 for 2 activities and a memorandum note to the accounts provides details of the joint income and expenditure.

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

### **1.4 Taxation**

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

### **1.5 Administration and Programme Costs**

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

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

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

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

Expense incurred under NHS transition redundancy programmes is however classed as "programme" under Treasury

## 1. Accounting policies (continued)

### 1.6 Property, Plant & Equipment

#### Recognition

Property, plant and equipment is capitalised if:

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

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

#### Valuation

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

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

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

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

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

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

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

#### Subsequent expenditure

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

## 1. Accounting policies (continued)

### 1.7 Intangible Assets

#### Recognition

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

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

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

#### Measurement

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

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

### 1.8 Depreciation, amortisation and impairments

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

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

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

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

Impairments are analysed between Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME) from 2011-12. This is necessary to comply with Treasury's budgeting guidance. DEL limits are set in the Spending Review and Departments may not exceed the limits that they have been set.

AME budgets are set by the Treasury and may be reviewed with departments in the run-up to the Budget. Departments need to monitor AME closely and inform Treasury if they expect AME spending to rise above forecast. Whilst Treasury accepts that in some areas of AME inherent volatility may mean departments do not have the ability to manage the spending within budgets in that financial year, any expected increases in AME require Treasury approval.



## **1. Accounting policies (continued)**

### **1.9 Donated assets**

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

### **1.10 Government grants**

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

### **1.11 Non-current assets held for sale**

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

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

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

### **1.12 Inventories**

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

### **1.13 Cash and cash equivalents**

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

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

### **1.14 Losses and Special Payments**

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

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

### **1.15 Clinical Negligence Costs**

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

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

## **1. Accounting policies (continued)**

### **1.16 Employee benefits**

#### **Short-term employee benefits**

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. All bonuses and expenses were paid by the 31 March 2013 and staff advised to take all annual leave, thus negating the need for any accrual in respect of unpaid bonuses or holiday pay.

#### **Retirement benefit costs**

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

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

### **1.17 Research and Development**

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

### **1.18 Other expenses**

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

### **1.19 Grant making**

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

## 1. Accounting policies (continued)

### 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.

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

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

### 1.21 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.

#### The PCT as lessee

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

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

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

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

#### The PCT as lessor

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

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

### 1.22 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.

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. Accounting policies (continued)

### 1.24 Financial Instruments

#### Financial assets

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

Financial assets are initially recognised at fair value.

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

#### 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.

Other financial assets relate to LIFT investments for which, due to their related interest charge, fair value is not deemed to be significantly different from book value.

#### Loans and receivables

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

Fair value is determined by reference to quoted market prices or, in the case of receivables, by transaction value.

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

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

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

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

## 1. Accounting policies (continued)

### Financial liabilities

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

Financial liabilities are initially recognised at fair value.

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

### Other financial liabilities

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

### 1.25 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. The PCT therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

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

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

#### a) Services received

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

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

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the PCT's approach for each relevant class of asset in accordance with the principles of IAS 16.

LIFT assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the PCT's approach for each relevant class of asset in accordance with the principles of IAS 16."

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

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

## **1. Accounting policies (continued)**

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

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

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

### **c) Lifecycle replacement**

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

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

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

### **Assets contributed by the PCT to the operator for use in the scheme**

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

### **Other assets contributed by the PCT to the operator**

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

**1. Accounting policies (continued)**

**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**

East Lancashire Teaching PCT has applied IFRS 8 in determining its operating segments. An operating segment represents a component that offers different services, for which financial information is reported to the PCT Board and is used to assess performance and allocate resources.

Since divesting of all provider services on 1 June 2011 the PCT has operated as a single segment.



### 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	714,535	687,211
Net operating cost plus (gain)/loss on transfers by absorption	<b>714,535</b>	
Adjusted for prior period adjustments in respect of errors	0	0
Revenue Resource Limit	<b>717,959</b>	690,535
<b>Under/(Over)spend Against Revenue Resource Limit (RRL)</b>	<b><u>3,424</u></b>	<b><u>3,324</u></b>

#### 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	7,100	2,124
Charge to Capital Resource Limit	<b>7,100</b>	2,020
<b>(Over)/Underspend Against CRL</b>	<b><u>0</u></b>	<b><u>104</u></b>

#### 3.3 Provider full cost recovery duty

The PCT is required to recover full costs in relation to its provider functions.

	2012-13 £000	2011-12 £000
Provider gross operating costs	0	0
Provider Operating Revenue	<b>0</b>	<b>0</b>
<b>Net Provider Operating Costs</b>	<b><u>0</u></b>	<b><u>0</u></b>
Costs Met Within PCTs Own Allocation	0	0
<b>Under/(Over) Recovery of Costs</b>	<b><u>0</u></b>	<b><u>0</u></b>

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

	2012-13 £000	2011-12 £000
Total Charge to Cash Limit	712,051	680,432
Cash Limit	<b>712,051</b>	680,432
<b>Under/(Over)spend Against Cash Limit</b>	<b><u>0</u></b>	<b><u>0</u></b>

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

	2012-13 £000
Total cash received from DH (Gross)	618,507
Less: Trade Income from DH	0
Less/(Plus): movement in DH working balances	0
<b>Sub total: net advances</b>	<b><u>618,507</u></b>
(Less)/plus: transfers (to)/from other resource account bodies (free text note required)	0
Plus: cost of Dentistry Schemes (central charge to cash limits)	16,173
Plus: drugs reimbursement (central charge to cash limits)	77,371
<b>Parliamentary funding credited to General Fund</b>	<b><u>712,051</u></b>

**4 Miscellaneous Revenue**

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Fees and Charges	193	0	193	89
Dental Charge income from Contractor-Led GDS & PDS	3,985		3,985	3,635
Dental Charge income from Trust-Led GDS & PDS	0		0	0
Prescription Charge income	3,927		3,927	3,893
Strategic Health Authorities	1,642	0	1,642	1,761
NHS Trusts	3,716	0	3,716	3,995
NHS Foundation Trusts	3,073	0	3,073	3,590
Primary Care Trusts Contributions to DATs	0		0	0
Primary Care Trusts - Other	2,133	850	1,283	1,517
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	9	0	9	27
Recoveries in respect of employee benefits	542	542	0	214
Local Authorities	495	0	495	471
Patient Transport Services	0		0	0
Education, Training and Research	0	0	0	0
Non-NHS: Private Patients	0		0	0
Non-NHS: Overseas Patients (Non-Reciprocal)	0		0	1
NHS Injury Costs Recovery	0		0	0
Other Non-NHS Patient Care Services	35	0	35	32
Charitable and Other Contributions to Expenditure	0		0	5
Receipt of donated assets	0		0	0
Receipt of Government granted assets	0		0	0
Rental revenue from finance leases	0	0	0	0
Rental revenue from operating leases	0	0	0	0
Other revenue	1,010	0	1,010	943
<b>Total miscellaneous revenue</b>	<b>20,760</b>	<b>1,392</b>	<b>19,368</b>	<b>20,173</b>

## 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
<b>Goods and Services from Other PCTs</b>				
Healthcare	77,617		77,617	68,673
Non-Healthcare	4,115	4,115	0	3,500
<b>Total</b>	<b>81,732</b>	<b>4,115</b>	<b>77,617</b>	<b>72,173</b>
<b>Goods and Services from Other NHS Bodies other than FTs</b>				
Goods and services from NHS Trusts	274,163	494	273,669	267,260
Goods and services (other, excl Trusts, FT and PCT))	162	162	0	7,745
<b>Total</b>	<b>274,325</b>	<b>656</b>	<b>273,669</b>	<b>275,005</b>
<b>Goods and Services from Foundation Trusts</b>				
Purchase of Healthcare from Non-NHS bodies	60,185	1,764	60,185	42,068
Social Care from Independent Providers	0		0	0
Expenditure on Drugs Action Teams	0		0	0
Non-GMS Services from GPs	0	0	0	0
Contractor Led GDS & PDS (excluding employee benefits)	21,034		21,034	20,211
Salaried Trust-Led PDS & PCT DS (excluding employee benefits)	0		0	0
Chair, Non-executive Directors & PEC remuneration	87	87	0	95
Executive committee members costs	284	284	0	300
Consultancy Services	232	232	0	318
Prescribing Costs	63,678		63,678	67,944
G/PMS, APMS and PCTMS (excluding employee benefits)	53,077	0	53,077	51,097
Pharmaceutical Services	0		0	0
Local Pharmaceutical Services Pilots	0		0	149
New Pharmacy Contract	17,850		17,850	18,340
General Ophthalmic Services	4,188		4,188	3,959
Supplies and Services - Clinical	375	0	375	1,048
Supplies and Services - General	580	6	574	528
Establishment	1,417	1,371	46	1,081
Transport	46	39	7	348
Premises	8,708	979	7,729	7,260
Impairments & Reversals of Property, plant and equipment	5,503	0	5,503	(866)
Impairments and Reversals of non-current assets held for sale	0	0	0	0
Depreciation	4,907	0	4,907	3,187
Amortisation	30	0	30	25
Impairment & Reversals intangible non-current assets	0	0	0	0
Impairment and Reversals of Financial Assets	0	0	0	0
Impairment of Receivables	(605)	0	(605)	0
Inventory write offs	0	0	0	0
Research and Development Expenditure	0	0	0	0
Audit Fees	101	101	0	255
Other Auditors Remuneration	84	84	0	0
Clinical Negligence Costs	0	0	0	0
Education and Training	0	0	0	68
Grants for capital purposes	0	0	0	0
Grants for revenue purposes	0	0	0	0
Impairments and reversals for investment properties	0	0	0	0
Other	3,045	2,306	739	1,833
<b>Total Operating costs charged to Statement of Comprehensive Net Expenditure</b>	<b>716,238</b>	<b>12,024</b>	<b>704,214</b>	<b>682,519</b>
<b>Employee Benefits (excluding capitalised costs)</b>				
Employee Benefits associated with PCTMS	0	0	0	2,953
Trust led PDS and PCT DS	0	0	0	0
PCT Officer Board Members	405	405	0	1,424
Other Employee Benefits	14,606	9,190	5,416	16,841
<b>Total Employee Benefits charged to SOCNE</b>	<b>15,011</b>	<b>9,595</b>	<b>5,416</b>	<b>21,218</b>
<b>Total Operating Costs</b>	<b>731,249</b>	<b>21,619</b>	<b>709,630</b>	<b>703,737</b>
<b>Analysis of grants reported in total operating costs</b>				
<b>For capital purposes</b>				
Grants to fund Capital Projects - GMS	0	0	0	0
Grants to Local Authorities to Fund Capital Projects	0	0	0	0
Grants to Private Sector to Fund Capital Projects	0	0	0	0
Grants to Fund Capital Projects - Dental	0	0	0	0
Grants to Fund Capital Projects - Other	0	0	0	0
<b>Total Capital Grants</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grants to fund revenue expenditure</b>				
To Local Authorities	0	0	0	0
To Private Sector	0	0	0	0
To Other	0	0	0	0
<b>Total Revenue Grants</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Grants</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total</b>	<b>Commissioning Public Health Services</b>		
<b>PCT Running Costs 2012-13</b>				
Running costs (£000s)	20,234	17,999	2,235	
Weighted population (number in units)*	408,484	408,484	408,484	
Running costs per head of population (£ per head)	50	44	5	
<b>PCT Running Costs 2011-12</b>				
Running costs (£000s)	20,368	17,629	2,739	
Weighted population (number in units)	408,484	408,484	408,484	
Running costs per head of population (£ per head)	50	43	7	

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

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

**5.2 Analysis of operating expenditure by expenditure classification**

	2012-13	2011-12
	£000	£000
<b>Purchase of Primary Health Care</b>		
GMS / PMS/ APMS / PCTMS	53,077	54,050
Prescribing costs	63,678	67,944
Contractor led GDS & PDS	21,034	20,211
Trust led GDS & PDS	0	1,630
General Ophthalmic Services	4,188	3,959
Department of Health Initiative Funding	0	0
Pharmaceutical services	0	0
Local Pharmaceutical Services Pilots	0	149
New Pharmacy Contract	17,850	18,339
Non-GMS Services from GPs	0	0
Other	0	0
<b>Total Primary Healthcare purchased</b>	<b><u>159,827</u></b>	<b><u>166,282</u></b>
<b>Purchase of Secondary Healthcare</b>		
Learning Difficulties	8,313	7,362
Mental Illness	68,019	66,871
Maternity	18,711	18,031
General and Acute	312,858	304,580
Accident and emergency	12,519	10,501
Community Health Services	103,484	94,398
Other Contractual	3,387	3,259
<b>Total Secondary Healthcare Purchased</b>	<b><u>527,291</u></b>	<b><u>505,002</u></b>
<b>Grant Funding</b>		
Grants for capital purposes	0	0
Grants for revenue purposes	0	0
<b>Total Healthcare Purchased by PCT</b>	<b><u>687,118</u></b>	<b><u>671,284</u></b>
PCT self-provided secondary healthcare included above	0	0
Social Care from Independent Providers	0	0
Healthcare from NHS FTs included above	113,611	115,279

## 6. Operating Leases

The PCT does not have any individually material leasing arrangements in place.

6.1 PCT as lessee	Land £000	Buildings £000	Other £000	2012-13	2011-12
				Total £000	£000
<b>Payments recognised as an expense</b>					
Minimum lease payments				1,356	919
Contingent rents				0	0
Sub-lease payments				0	0
<b>Total</b>				<b>1,356</b>	<b>919</b>
<b>Payable:</b>					
No later than one year	0	695	0	695	777
Between one and five years	0	2,375	0	2,375	2,781
After five years	0	0	0	0	290
<b>Total</b>	<b>0</b>	<b>3,070</b>	<b>0</b>	<b>3,070</b>	<b>3,848</b>
Total future sublease payments expected to be received				0	0

## 6.2 PCT as lessor

The PCT does not have any operating leases where it acts as lessor.

**7. Employee benefits and staff numbers**

**7.1 Employee benefits**

	2012-13			Permanently employed			Other		
	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
<b>Employee Benefits - Gross Expenditure</b>									
Salaries and wages	11,472	6,982	4,490	11,012	6,522	4,490	460	460	0
Social security costs	898	548	350	898	548	350	0	0	0
Employer Contributions to NHS BSA - Pensions Division	1,469	893	576	1,469	893	576	0	0	0
Other pension costs	0	0	0	0	0	0	0	0	0
Other post-employment benefits	0	0	0	0	0	0	0	0	0
Other employment benefits	0	0	0	0	0	0	0	0	0
Termination benefits	1,172	1,172	0	1,172	1,172	0	0	0	0
<b>Total employee benefits</b>	<b>15,011</b>	<b>9,595</b>	<b>5,416</b>	<b>14,551</b>	<b>9,135</b>	<b>5,416</b>	<b>460</b>	<b>460</b>	<b>0</b>
Less recoveries in respect of employee benefits (table below)	(542)	(542)	0	(542)	(542)	0	0	0	0
<b>Total - Net Employee Benefits including capitalised costs</b>	<b>14,469</b>	<b>9,053</b>	<b>5,416</b>	<b>14,009</b>	<b>8,593</b>	<b>5,416</b>	<b>460</b>	<b>460</b>	<b>0</b>
Employee costs capitalised	0	0	0	0	0	0	0	0	0
<b>Gross Employee Benefits excluding capitalised costs</b>	<b>15,011</b>	<b>9,595</b>	<b>5,416</b>	<b>14,551</b>	<b>9,135</b>	<b>5,416</b>	<b>460</b>	<b>460</b>	<b>0</b>
<b>Recognised as:</b>									
Commissioning employee benefits	15,011			14,551			460		
Provider employee benefits	0			0			0		
<b>Gross Employee Benefits excluding capitalised costs</b>	<b>15,011</b>			<b>14,551</b>			<b>460</b>		

	2012-13			Permanently employed			Other		
	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
<b>Employee Benefits - Revenue</b>									
Salaries and wages	456	456	0	456	456	0	0	0	0
Social Security costs	53	53	0	53	53	0	0	0	0
Employer Contributions to NHS BSA - Pensions Division	33	33	0	33	33	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
<b>TOTAL excluding capitalised costs</b>	<b>542</b>	<b>542</b>	<b>0</b>	<b>542</b>	<b>542</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Employee Benefits - Prior- year**

	Total £000	Permanently employed £000	Other £000
<b>Employee Benefits Gross Expenditure 2011-12</b>			
Salaries and wages	14,738	13,247	1,491
Social security costs	947	913	34
Employer Contributions to NHS BSA - Pensions Division	1,730	1,668	62
Other pension costs	0	0	0
Other post-employment benefits	0	0	0
Other employment benefits	0	0	0
Termination benefits	3,803	3,803	0
<b>Total gross employee benefits</b>	<b>21,218</b>	<b>19,631</b>	<b>1,587</b>
Less recoveries in respect of employee benefits	(214)	(214)	0
<b>Total - Net Employee Benefits including capitalised costs</b>	<b>21,004</b>	<b>19,417</b>	<b>1,587</b>
Employee costs capitalised	0	0	0
<b>Gross Employee Benefits excluding capitalised costs</b>	<b>21,218</b>	<b>19,631</b>	<b>1,587</b>
<b>Recognised as:</b>			
Commissioning employee benefits	21,218		
Provider employee benefits	0		
<b>Gross Employee Benefits excluding capitalised costs</b>	<b>21,218</b>		

**7.2 Staff Numbers**

	2012-13			2011-12		
	Total Number	Permanently employed Number	Other Number	Total Number	Permanently employed Number	Other Number
<b>Average Staff Numbers</b>						
Medical and dental	11	11	0	15	14	0
Ambulance staff	0	0	0	0	0	0
Administration and estates	238	232	6	277	268	9
Healthcare assistants and other support staff	142	142	0	146	146	0
Nursing, midwifery and health visiting staff	10	10	0	11	11	0
Nursing, midwifery and health visiting learners	0	0	0	0	0	0
Scientific, therapeutic and technical staff	0	0	0	0	0	0
Social Care Staff	0	0	0	0	0	0
Other	6	6	0	7	7	0
<b>TOTAL</b>	<b>407</b>	<b>401</b>	<b>6</b>	<b>457</b>	<b>440</b>	<b>17</b>
Of the above - staff engaged on capital projects	0	0	0	0	0	0

**7.3 Staff Sickness absence and ill health retirements**

	2012-13 Number	2011-12 Number
Total Days Lost	4,099	17,209
Total Staff Years	414	1,751
Average working Days Lost	9.90	9.83

7.4 Exit Packages agreed during 2012-13

Exit package cost band (including any special payment element)	2012-13			2011-12			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 of compulsory redundancies	*Number of other departures agreed		
	Number	Number	Number	Number	Number	Number	
Less than £10,000	8	6	14	0	3		3
£10,001-£25,000	3	8	11	0	6		6
£25,001-£50,000	1	10	11	0	9		9
£50,001-£100,000	3	17	20	0	2		2
£100,001 - £150,000	3	1	4	2	2		4
£150,001 - £200,000	2	1	3	0	0		0
>£200,000	1	1	2	2	0		2
<b>Total number of exit packages by type (total cost</b>	<b>21</b>	<b>44</b>	<b>65</b>	<b>4</b>	<b>22</b>		<b>26</b>
	£s	£s	£s	£s	£s		£s
<b>Total resource cost</b>	1,374,322	2,390,392	3,764,714	645,000	855,000		1,500,000

This note provides an analysis of Exit Packages agreed during the year. Redundancy and other departure costs have been paid in accordance with the provisions of the voluntary redundancy scheme (VRS). 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.

Other than compulsory redundancies arising from the formation of the NHS Lancashire Cluster, the PCT has, during the financial year, undertaken a VRS in conjunction with NHS Lancashire PCTs. These are included in the other departures agreed figures disclosed above.

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

Where members of the Board of NHD Lancashire Cluster have been made compulsorily redundant or have negotiated an exit package, the actual costs have been shared out proportionally across the member PCT's. However, these have not been disclosed as part of the note above. The whole of the cost of the exit packages have been included in the accounts of their employing organisation.

The organisations where the full costs have been reported are:

## 7.5 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://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 FRoM 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 FRoM 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 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
<b>Non-NHS Payables</b>				
Total Non-NHS Trade Invoices Paid in the Year	18,365	83,944	17,103	65,621
Total Non-NHS Trade Invoices Paid Within Target	17,859	80,415	16,705	64,832
Percentage of NHS Trade Invoices Paid Within Target	97.24%	95.80%	97.67%	98.80%
<b>NHS Payables</b>				
Total NHS Trade Invoices Paid in the Year	4,523	483,930	5,237	431,170
Total NHS Trade Invoices Paid Within Target	4,413	482,615	5,147	430,901
Percentage of NHS Trade Invoices Paid Within Target	97.57%	99.73%	98.28%	99.94%

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

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

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

**9. Investment Income**

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
<b>Rental Income</b>				
PFI finance lease revenue (planned)	0	0	0	0
PFI finance lease revenue (contingent)	0	0	0	0
Other finance lease revenue	0	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Interest Income</b>				
LIFT: equity dividends receivable	0	0	0	0
LIFT: loan interest receivable	103	0	103	141
Bank interest	0	0	0	0
Other loans and receivables	0	0	0	0
Impaired financial assets	0	0	0	0
Other financial assets	0	0	0	0
<b>Subtotal</b>	<b>103</b>	<b>0</b>	<b>103</b>	<b>141</b>
<b>Total investment income</b>	<b>103</b>	<b>0</b>	<b>103</b>	<b>141</b>

**10. Other Gains and Losses**

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Gain/(Loss) on disposal of assets other than by sale (PPE)	0	0	0	(28)
Gain/(Loss) on disposal of assets other than by sale (intangibles)	0	0	0	0
Gain/(Loss) on disposal of Financial Assets - other than held for sale	0	0	0	0
Gain (Loss) on disposal of assets held for sale	0	0	0	0
Gain/(loss) on foreign exchange	0	0	0	0
Change in fair value of financial assets carried at fair value through the SoCNE	0	0	0	0
Change in fair value of financial liabilities carried at fair value through the SoCNE	0	0	0	0
Change in fair value of investment property	0	0	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(28)</b>

**11. Finance Costs**

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
<b>Interest</b>				
Interest on obligations under finance leases	0	0	0	0
<b>Interest on obligations under PFI contracts:</b>				
- main finance cost	0	0	0	0
- contingent finance cost	0	0	0	0
<b>Interest on obligations under LIFT contracts:</b>				
- main finance cost	4,130	0	4,130	3,756
- 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
<b>Total interest expense</b>	<b>4,130</b>	<b>0</b>	<b>4,130</b>	<b>3,756</b>
Other finance costs	0	0	0	0
Provisions - unwinding of discount	19		19	4
<b>Total</b>	<b>4,149</b>	<b>0</b>	<b>4,149</b>	<b>3,760</b>

**12.1 Property, plant and equipment**

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account £000	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
2012-13	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation:</b>									
<b>At 1 April 2012</b>	12,403	93,957	0	545	2,033	428	4,745	5,672	119,783
Additions of Assets Under Construction				7,110					7,110
Additions Purchased	0	0	0	0	0	0	0	0	0
Additions Donated	0	0	0	0	0	0	0	0	0
Additions Government Granted	0	0	0	0	0	0	0	0	0
Additions Leased	0	0	0	0	0	0	0	0	0
Reclassifications	0	2,357	0	(2,758)	28	0	373	0	0
Reclassifications as Held for Sale	0	0	0	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	(1,497)	(412)	(1,883)	(5,154)	(8,946)
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	0
Impairments/negative indexation	(51)	(960)	0	0	0	0	0	0	(1,011)
Reversal of Impairments	0	53	0	0	0	0	0	0	53
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	0
<b>At 31 March 2013</b>	<b>12,352</b>	<b>95,407</b>	<b>0</b>	<b>4,897</b>	<b>564</b>	<b>16</b>	<b>3,235</b>	<b>518</b>	<b>116,989</b>
<b>Depreciation</b>									
<b>At 1 April 2012</b>	908	6,291	0	0	1,481	405	3,104	3,010	15,199
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassifications as Held for Sale	0	0	0	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	(1,497)	(412)	(1,873)	(5,154)	(8,936)
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	0
Impairments	413	2,424	0	0	0	0	967	1,732	5,536
Reversal of Impairments	0	(33)	0	0	0	0	0	0	(33)
Charged During the Year	0	3,443	0	0	327	15	378	744	4,907
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	0
<b>At 31 March 2013</b>	<b>1,321</b>	<b>12,125</b>	<b>0</b>	<b>0</b>	<b>311</b>	<b>8</b>	<b>2,576</b>	<b>332</b>	<b>16,673</b>
<b>Net Book Value at 31 March 2013</b>	<b>11,031</b>	<b>83,282</b>	<b>0</b>	<b>4,897</b>	<b>253</b>	<b>8</b>	<b>659</b>	<b>186</b>	<b>100,316</b>
<b>Purchased</b>	11,031	77,976	0	4,897	233	8	659	86	94,890
Donated	0	173	0	0	20	0	0	0	193
Government Granted	0	5,133	0	0	0	0	0	100	5,233
<b>Total at 31 March 2013</b>	<b>11,031</b>	<b>83,282</b>	<b>0</b>	<b>4,897</b>	<b>253</b>	<b>8</b>	<b>659</b>	<b>186</b>	<b>100,316</b>
<b>Asset financing:</b>									
Owned	8,596	35,298	0	4,897	253	8	659	186	49,897
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SOFP PFI contracts	2,435	47,984	0	0	0	0	0	0	50,419
PFI residual: interests	0	0	0	0	0	0	0	0	0
<b>Total at 31 March 2013</b>	<b>11,031</b>	<b>83,282</b>	<b>0</b>	<b>4,897</b>	<b>253</b>	<b>8</b>	<b>659</b>	<b>186</b>	<b>100,316</b>

**Revaluation Reserve Balance for Property, Plant & Equipment**

	Land	Buildings	Dwellings	Assets under construction & payments on account £000's	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
<b>At 1 April 2012</b>	3,786	10,983	0	0	18	0	0	44	14,831
Movements	(51)	(1,200)	0	0	(16)	0	0	(42)	(1,309)
<b>At 31 March 2013</b>	<b>3,735</b>	<b>9,783</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>13,522</b>

## 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
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>2011-12</b>									
<b>Cost or valuation:</b>									
<b>At 1 April 2011</b>	<b>12,353</b>	<b>92,017</b>	<b>0</b>	<b>389</b>	<b>1,935</b>	<b>448</b>	<b>3,967</b>	<b>5,601</b>	<b>116,710</b>
Additions - purchased	0	0	0	2,222	0	0	0	0	2,222
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Reclassifications	75	1,044	0	(2,066)	98	0	778	71	0
Reclassified as held for sale	0	0	0	0	0	(20)	0	0	(20)
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Revaluation & indexation gains	0	0	0	0	0	0	0	0	0
Impairments	(25)	0	0	0	0	0	0	0	(25)
Reversals of impairments	0	896	0	0	0	0	0	0	896
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	0
Cumulative dep netted off cost following revaluation	0	0	0	0	0	0	0	0	0
<b>At 31 March 2012</b>	<b>12,403</b>	<b>93,957</b>	<b>0</b>	<b>545</b>	<b>2,033</b>	<b>428</b>	<b>4,745</b>	<b>5,672</b>	<b>119,783</b>
<b>Depreciation</b>									
<b>At 1 April 2011</b>	<b>758</b>	<b>5,622</b>	<b>0</b>		<b>1,307</b>	<b>361</b>	<b>2,726</b>	<b>2,117</b>	<b>12,891</b>
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassifications as Held for Sale	0	0	0	0	0	(13)	0	0	(13)
Disposals other than for sale	0	0	0	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	0
Impairments	150	975	0	0	0	0	0	0	1,125
Reversal of Impairments	0	(1,991)	0	0	0	0	0	0	(1,991)
Charged During the Year	0	1,685	0	0	174	57	378	893	3,187
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	0
Cumulative dep netted off cost following revaluation	0	0	0	0	0	0	0	0	0
<b>At 31 March 2012</b>	<b>908</b>	<b>6,291</b>	<b>0</b>	<b>0</b>	<b>1,481</b>	<b>405</b>	<b>3,104</b>	<b>3,010</b>	<b>15,199</b>
<b>Net Book Value at 31 March 2012</b>	<b>11,495</b>	<b>87,666</b>	<b>0</b>	<b>545</b>	<b>552</b>	<b>23</b>	<b>1,641</b>	<b>2,662</b>	<b>104,584</b>
<b>Purchased</b>	<b>11,495</b>	<b>82,128</b>	<b>0</b>	<b>545</b>	<b>526</b>	<b>23</b>	<b>1,641</b>	<b>2,537</b>	<b>98,895</b>
<b>Donated</b>	<b>0</b>	<b>182</b>	<b>0</b>	<b>0</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>208</b>
<b>Government Granted</b>	<b>0</b>	<b>5,356</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>125</b>	<b>5,481</b>
<b>At 31 March 2012</b>	<b>11,495</b>	<b>87,666</b>	<b>0</b>	<b>545</b>	<b>552</b>	<b>23</b>	<b>1,641</b>	<b>2,662</b>	<b>104,584</b>
<b>Asset financing:</b>									
<b>Owned</b>	<b>8,955</b>	<b>37,611</b>	<b>0</b>	<b>545</b>	<b>552</b>	<b>23</b>	<b>1,641</b>	<b>2,662</b>	<b>51,989</b>
<b>Held on finance lease</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>On-SOFP PFI contracts</b>	<b>2,540</b>	<b>50,055</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>52,595</b>
<b>PFI residual: interests</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 31 March 2012</b>	<b>11,495</b>	<b>87,666</b>	<b>0</b>	<b>545</b>	<b>552</b>	<b>23</b>	<b>1,641</b>	<b>2,662</b>	<b>104,584</b>

### 12.3 Property, plant and equipment

In accordance with HM Treasury instructions outlined in Note 1.6, a full revaluation of land and buildings was undertaken on 31 March 2013. Public sector bodies including the NHS are required to apply the Revaluation model set out in IAS 16 and value their capital assets to fair value, defined in IAS16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction.

The revaluation to market value was carried out by the District Valuer based on the assumption that properties are sold as part of the continuing enterprise in occupation (effectively EUV).

For specialised operational assets, if there is no market-based evidence of fair value because of the specialised nature of the property and the item is rarely sold, except as part of a continuing business, fair value is estimated using a depreciated replacement cost approach subject to the assumption of continuing use.

Where depreciated replacement cost (DRC) has been used, it is confirmed that the valuer has had regard to the RICS Valuation Information Paper No. 10 'The Depreciated Replacement Cost (DRC) Method of Valuation for Financial Reporting', as supplemented by Treasury guidance.

#### Economic Lives of Tangible Non-Current Assets

	<b>Min Life Years</b>	<b>Max Life Years</b>
<b>Property, Plant and Equipment</b>		
Buildings exc Dwellings	2	100
Dwellings	0	0
Plant & Machinery	3	27
Transport Equipment	2	10
Information Technology	3	10
Furniture and Fittings	3	10

**13.1 Intangible non-current assets**

	Software internally generated £000	Software purchased £000	Licences & trademarks £000	Patents £000	Development expenditure £000	Total £000
<b>2012-13</b>						
<b>At 1 April 2012</b>	0	138	0	0	0	138
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	(138)	0	0	0	(138)
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
<b>At 31 March 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Amortisation</b>						
<b>At 1 April 2012</b>	0	108	0	0	0	108
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	(138)	0	0	0	(138)
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	30	0	0	0	30
In-year transfers to NHS bodies	0	0	0	0	0	0
<b>At 31 March 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value at 31 March 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value at 31 March 2013 comprises</b>						
Purchased	0	0	0	0	0	0
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
<b>Total at 31 March 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**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
<b>At 1 April 2012</b>	0	0	0	0	0	0
Movements	0	0	0	0	0	0
<b>At 31 March 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 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
<b>At 1 April 2011</b>	0	138	0	0	0	138
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
<b>At 31 March 2012</b>	<b>0</b>	<b>138</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>138</b>
<b>Amortisation</b>						
<b>At 1 April 2011</b>	0	83	0	0	0	83
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	25	0	0	0	25
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
<b>At 31 March 2012</b>	<b>0</b>	<b>108</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>108</b>
<b>Net Book Value at 31 March 2012</b>	<b>0</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30</b>
<b>Net Book Value at 31 March 2012 comprises</b>						
Purchased	0	30	0	0	0	30
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
<b>Total at 31 March 2012</b>	<b>0</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30</b>

**13.3 Intangible non-current assets**

Intangible non-current assets are carried at historical cost.

**Economic Lives of Intangible Non-Current Assets**

	<b>Min Life Years</b>	<b>Max Life Years</b>
<b>Intangible Assets</b>		
Software Licences	5	5
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
<b>Property, Plant and Equipment impairments and reversals taken to SoCNE</b>			
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
<b>Total charged to Departmental Expenditure Limit</b>	<b>0</b>	<b>0</b>	<b>0</b>
Unforeseen obsolescence	0	0	0
Loss as a result of catastrophe	0	0	0
Other	2,699		2,699
Changes in market price	0		2,804
<b>Total charged to Annually Managed Expenditure</b>	<b>5,503</b>		<b>5,503</b>
<b>Property, Plant and Equipment impairments and reversals charged to the revaluation reserve</b>			
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	958		
<b>Total impairments for PPE charged to reserves</b>	<b>958</b>		
<b>Total Impairments of Property, Plant and Equipment</b>	<b>6,461</b>	<b>0</b>	<b>5,503</b>
<b>Intangible assets impairments and reversals charged to SoCNE</b>			
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
<b>Total charged to Departmental Expenditure Limit</b>	<b>0</b>	<b>0</b>	<b>0</b>
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	0		0
Changes in market price	0		0
<b>Total charged to Annually Managed Expenditure</b>	<b>0</b>		<b>0</b>
<b>Intangible Assets impairments and reversals charged to the Revaluation Reserve</b>			
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		
<b>Total impairments for Intangible Assets charged to Reserves</b>	<b>0</b>		
<b>Total impairments of Intangibles</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial Assets charged to SoCNE</b>			
Loss or damage resulting from normal operations	0	0	0
<b>Total charged to Departmental Expenditure Limit</b>	<b>0</b>	<b>0</b>	<b>0</b>
Loss as a result of catastrophe	0		0
Other	0		0
<b>Total charged to Annually Managed Expenditure</b>	<b>0</b>		<b>0</b>
<b>Financial Assets impairments and reversals charged to the Revaluation Reserve</b>			
Loss or damage resulting from normal operations	0		
Loss as a result of catastrophe	0		
Other	0		
<b>TOTAL impairments for Financial Assets charged to reserves</b>	<b>0</b>		
<b>Total Impairments of Financial Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Non-current assets held for sale - impairments and reversals charged to SoCNE</b>			
Loss or damage resulting from normal operations	0	0	0
Abandonment of assets in the course of construction	0	0	0
<b>Total charged to Departmental Expenditure Limit</b>	<b>0</b>	<b>0</b>	<b>0</b>
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	0		0
Changes in market price	0		0
<b>Total charged to Annually Managed Expenditure</b>	<b>0</b>		<b>0</b>
<b>Total impairments of non-current assets held for sale</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Inventories - impairments and reversals charged to SoCNE</b>			
Loss or Damage Resulting from Normal Operations	0	0	0
<b>Total charged to Departmental Expenditure Limit</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>Total charged to Annually Managed Expenditure</b>	<b>0</b>		<b>0</b>
<b>Total impairments of Inventories</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Investment Property impairments charged to SoCNE</b>			
Loss or Damage Resulting from Normal Operations	0	0	0
<b>Total charged to Departmental Expenditure Limit</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>Total charged to Annually Managed Expenditure</b>	<b>0</b>		<b>0</b>
<b>Total Investment Property Impairments charged to SoCNE</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Investment Property impairments and reversals charged to the Revaluation Reserve</b>			
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		
<b>TOTAL impairments for Investment Property charged to Reserves</b>	<b>0</b>		
<b>Total Investment Property Impairments</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Impairments charged to Revaluation Reserve</b>	<b>958</b>		
<b>Total Impairments charged to SoCNE - DEL</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Impairments charged to SoCNE - AME</b>	<b>5,503</b>		<b>5,503</b>
<b>Overall Total Impairments</b>	<b>6,461</b>	<b>0</b>	<b>5,503</b>
<b>Of which:</b>			
Impairment on revaluation to "modern equivalent asset" basis	0	0	0
<b>Donated and Gov Granted Assets, included above -</b>			
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

The impairments and reversals reported in the current year have arisen as a result of the District Valuer's estimate of general price changes.

## 15 Investment property

The PCT does not hold any investment properties.

## 16 Commitments

### 16.1 Capital commitments

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

	31 March 2013 £000	31 March 2012 £000
Property, plant and equipment	0	1,300
Intangible assets	0	0
<b>Total</b>	<b>0</b>	<b>1,300</b>

### 16.2 Other financial commitments

The PCT has not entered into any 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	493	0	1,701	0
Balances with Local Authorities	829	0	241	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	754	0	2,179	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	826	0	30,714	0
<b>At 31 March 2013</b>	<b>2,902</b>	<b>0</b>	<b>34,835</b>	<b>0</b>
<b>prior period:</b>				
Balances with other Central Government Bodies	686	0	1,488	0
Balances with Local Authorities	119	0	277	0
Balances with NHS Trusts and Foundation Trusts	3,309	0	5,384	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	1,588	0	42,047	0
<b>At 31 March 2012</b>	<b>5,702</b>	<b>0</b>	<b>49,196</b>	<b>0</b>

**18 Inventories**

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

**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	1,087	3,678	0	0
NHS receivables - capital	0	0	0	0
NHS prepayments and accrued income	0	0	0	0
Non-NHS receivables - revenue	1,325	671	0	0
Non-NHS receivables - capital	0	0	0	0
Non-NHS prepayments and accrued income	22	1,806	0	0
Provision for the impairment of receivables	(182)	(843)	0	0
VAT	160	317	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	490	73	0	0
<b>Total</b>	<b>2,902</b>	<b>5,702</b>	<b>0</b>	<b>0</b>
<b>Total current and non current</b>	<b>2,902</b>	<b>5,702</b>		
<b>Included above:</b>				
Prepaid pensions contributions	0	0		

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

**19.2 Receivables past their due date but not impaired**

	31 March 2013 £000	31 March 2012 £000
By up to three months	1,933	1,006
By three to six months	31	35
By more than six months	118	549
<b>Total</b>	<b>2,082</b>	<b>1,590</b>

**19.3 Provision for impairment of receivables**

	2012-13 £000	2011-12 £000
Balance at 1 April 2012	(843)	(843)
Amount written off during the year	56	0
Amount recovered during the year	0	0
(Increase)/decrease in receivables impaired	605	0
<b>Balance at 31 March 2013</b>	<b>(182)</b>	<b>(843)</b>

In determining whether debts are impaired, assessment has been made on an individual material invoice basis as to the likelihood of it being settled and provision made on the basis of that assessment.

**20 NHS LIFT investments**

	Loan £000	Share capital £000	Total £000
Balance at 1 April 2012	675	35	710
Additions	0	0	0
Disposals	0	0	0
Loan repayments	(18)	0	(18)
Revaluations	0	0	0
Loans repayable within 12 months	0	0	0
<b>Balance at 31 March 2013</b>	<b>657</b>	<b>35</b>	<b>692</b>
Balance at 1 April 2011	701	35	736
Additions	0	0	0
Disposals	0	0	0
Loan repayments	(26)	0	(26)
Revaluations	0	0	0
Loans repayable within 12 months	0	0	0
<b>Balance at 31 March 2012</b>	<b>675</b>	<b>35</b>	<b>710</b>

**21.1 Other financial assets - Current**

	31 March 2013 £000	31 March 2012 £000
Opening balance 1 April	0	0
Transfers (to)/from Other Public Sector Bodies in year	0	0
Other Movements	0	0
<b>Closing balance 31 March</b>	<b>0</b>	<b>0</b>

**21.2 Other Financial Assets - Non Current**

	31 March 2013 £000	31 March 2012 £000
Opening balance 1 April	710	736
Additions	0	0
Revaluation	0	0
Impairments	0	0
Impairment Reversals	0	0
Transferred to current financial assets	0	0
Disposals	(18)	(26)
Transfers (to)/from Other Public Sector Bodies in year	0	0
<b>Total Other Financial Assets - Non Current</b>	<b>692</b>	<b>710</b>

**21.3 Other Financial Assets - Capital Analysis**

	31 March 2013 £000
Capital Expenditure	0
Capital Income	(18)

**22 Other current assets**

	31 March 2013 £000	31 March 2012 £000
EU Emissions Trading Scheme Allowance	0	0
Other Assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**23 Cash and Cash Equivalents**

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

**24 Non-current assets held for sale**

	Land	Buildings, excl. dwellings	Dwellings	Asset Under Construction and Payments on Account	Plant and Machinery	Transport and Equipment	Information Technology	Furniture and Fittings	Intangible Assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April 2012</b>	0	0	0	0	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0	0	0	0	0
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
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
<b>Balance at 31 March 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Liabilities associated with assets held for sale at 31 March 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance at 1 April 2011</b>	43	127	0	0	0	0	0	0	0	170
Plus assets classified as held for sale in the year	0	0	0	0	0	7	0	0	0	7
Less assets sold in the year	(43)	(127)	0	0	0	(7)	0	0	0	(177)
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
<b>Balance at 31 March 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Liabilities associated with assets held for sale at 31 March 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Revaluation reserve balances in respect of non-current assets held for sale were:</b>										
At 31 March 2012	0									
At 31 March 2013	0									

**25 Trade and other payables**

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Interest payable	0	0		
NHS payables - revenue	3,146	6,378	0	0
NHS payables - capital	0	53	0	0
NHS accruals and deferred income	0	0	0	0
Family Health Services (FHS) payables	8,130	10,553		
Non-NHS payables - revenue	13,677	1,148	0	0
Non-NHS payables - capital	523	612	0	0
Non_NHS accruals and deferred income	2,356	21,280	0	0
Social security costs	133	143		
VAT	0	0	0	0
Tax	659	356		
Payments received on account	0	0	0	0
Other	6,211	8,673	0	0
<b>Total</b>	<b>34,835</b>	<b>49,196</b>	<b>0</b>	<b>0</b>
<b>Total payables (current and non-current)</b>	<b>34,835</b>	<b>49,196</b>		

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

**26 Other liabilities**

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
PFI/LIFT deferred credit	0	0	0	0
Lease incentives	0	0	0	0
Other <i>[specify]</i>	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total other liabilities (current and non-current)</b>	<b>0</b>	<b>0</b>		

**27 Borrowings**

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Bank overdraft - Government Banking Service	0	0		
Bank overdraft - commercial banks	0	0		
PFI liabilities:				
Main liability	0	0	0	0
Lifecycle replacement received in advance	0	0	0	0
LIFT liabilities:				
Main liability	805	765	46,204	47,008
Lifecycle replacement received in advance	0	0	0	0
Finance lease liabilities	0	0	0	0
Other (describe)	0	0	0	0
<b>Total</b>	<b>805</b>	<b>765</b>	<b>46,204</b>	<b>47,008</b>
<b>Total other liabilities (current and non-current)</b>	<b>47,009</b>	<b>47,773</b>		

**28 Other financial liabilities**

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Embedded Derivatives at Fair Value through SoCNE	0	0	0	0
Financial liabilities carried at fair value through SoCNE	0	0	0	0
Amortised Cost	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total other liabilities (current and non-current)	<b>0</b>	<b>0</b>		

**29 Deferred income**

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Opening balance at 1 April 2012	0	0	0	0
Deferred income addition	0	0	0	0
Transfer of deferred income	0	0	0	0
<b>Current deferred income at 31 March 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total other liabilities (current and non-current)	<b>0</b>	<b>0</b>		

**30 Finance lease obligations**

The PCT has no amounts payable under finance leases other than those in respect of LIFT detailed in Note 34: PFI and NHS LIFT Schemes.

**31 Finance lease receivables as lessor**

The PCT does not have any amounts receivable under finance leases

Finance Lease Commitments	31 March 2013 £000s	31 March 2012 £000s
Lease	0	0

### 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	4,418	0	276	430	291	430	0	0	688	2,303
Arising During the Year	14,409	0	16	0	0	13,531	0	0	862	0
Utilised During the Year	(2,944)	0	(87)	(69)	(291)	0	0	0	(194)	(2,303)
Reversed Unused	(5)	0	(5)	0	0	0	0	0	0	0
Unwinding of Discount	19	0	19	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
<b>Balance at 31 March 2013</b>	<b>15,897</b>	<b>0</b>	<b>219</b>	<b>361</b>	<b>0</b>	<b>13,961</b>	<b>0</b>	<b>0</b>	<b>1,356</b>	<b>0</b>
<b>Expected Timing of Cash Flows:</b>										
No Later than One Year	15,747	0	87	361	0	13,961	0	0	1,338	0
Later than One Year and not later than Five Years	66	0	66	0	0	0	0	0	0	0
Later than Five Years	84	0	66	0	0	0	0	0	18	0

#### Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:

As at 31 March 2013	450
As at 31 March 2012	368

The provisions for Pensions relates to the PCT's "own" liabilities in respect of former District Health Authority and Family Health Service Authority directors and staff. The provisions are calculated using standard life expectancies for men and women - which also inform the timing of the cash flows analysis - and discounting at the NHS rate of 2.35% (2011/12 - 2.35%).

Legal claims provided for at 31 March 2013 consisted of 6 ongoing claims against the PCT (2011/12 -7). The amounts provided are based on information received from both the NHS Litigation Authority and the PCT's legal advisors.

Other provisions at 31 March 2013 were in respect of continuing care and part completed spells claims.

### 33 Contingencies

	31 March 2013 £000	31 March 2012 £000
<b>Contingent liabilities</b>		
Equal Pay	0	0
Other	(5)	(8)
Amounts Recoverable Against Contingent Liabilities	0	0
<b>Net Value of Contingent Liabilities</b>	<b>(5)</b>	<b>(8)</b>
<b>Contingent Assets</b>		
Contingent Assets	0	0
<b>Net Value of Contingent Assets</b>	<b>0</b>	<b>0</b>

The contingent liabilities relate to ongoing Employer's and Public Liability claims and are based on information received from the NHS Litigation Authority.



**34 PFI and LIFT - additional information**

	31 March 2013 £000	31 March 2012 £000
<b>34.1 Charges to operating expenditure and future commitments in respect of ON and OFF SOFP PFI</b>		
Total charge to operating expenses in year - OFF SOFP PFI	0	0
Service element of on SOFP PFI charged to operating expenses in year	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**Payments committed to in respect of off SOFP PFI and the service element of on SOFP PFI**

No Later than One Year	0	0
Later than One Year, No Later than Five Years	0	0
Later than Five Years	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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

	31 March 2013 £000	31 March 2012 £000
Estimated Capital Value of Project - off SOFP PFI	0	0
Value of Deferred Assets - off SOFP PFI	0	0
Value of Reversionary Interest - off SOFP PFI	0	0

**34.2 Imputed "finance lease" obligations for on SOFP PFI contracts due**

**Analysed by when PFI payments are due**

No Later than One Year	0	0
Later than One Year, No Later than Five Years	0	0
Later than Five Years	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>
Less: Interest Element	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**Charges to operating expenditure and future commitments in respect of on and off SOFP LIFT**

	31 March 2013 £000	31 March 2012 £000
Total Charge to Operating Expenses in year - OFF SOFP LIFT	0	0
Service element of on SOFP LIFT charged to operating expenses in year	2,318	2,084
<b>Total</b>	<b>2,318</b>	<b>2,084</b>

**Payments committed to in respect of off SOFP LIFT and the service element of on SOFP LIFT.**

**LIFT Scheme Expiry Date:**

	31 March 2013 £000	31 March 2012 £000
No Later than One Year	1,882	1,818
Later than One Year, No Later than Five Years	8,755	8,168
Later than Five Years	43,913	46,381
<b>Total</b>	<b>54,550</b>	<b>56,367</b>

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

	31 March 2013 £000	31 March 2012 £000
Estimated capital value of project - off SOFP LIFT	0	0
Value of Deferred Assets - off SOFP LIFT	0	0
Value of Residual Interest - off SOFP LIFT	0	0

**Imputed "finance lease" obligations for on SOFP LIFT Contracts due**

	31 March 2013 £000	31 March 2012 £000
No Later than One Year	4,194	4,207
Later than One Year, No Later than Five Years	16,305	16,563
Later than Five Years	80,520	84,457
<b>Subtotal</b>	<b>101,019</b>	<b>105,227</b>
Less: Interest Element	(54,010)	(57,454)
<b>Total</b>	<b>47,009</b>	<b>47,773</b>

**35 Impact of IFRS treatment - 2012-13**

	Total £000	Admin £000	Programme £000
<b>Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g LIFT/PFI)</b>			
Depreciation charges	0	0	0
Interest Expense	0	0	0
Impairment charge - AME	0	0	0
Impairment charge - DEL	0	0	0
Other Expenditure	0	0	0
Revenue Receivable from subleasing	0	0	0
<b>Total IFRS Expenditure (IFRIC12)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Revenue consequences of LIFT/PFI schemes under UK GAAP / ESA95 (net of any sublease income)	0	0	0
<b>Net IFRS change (IFRIC12)</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12**

Capital expenditure 2012-13	0
UK GAAP capital expenditure 2012-13 (Reversionary Interest)	0

### 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 and 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		1,097		1,097
Receivables - non-NHS		1,325		1,325
Cash at bank and in hand		0		0
Other financial assets	0	480	692	1,172
<b>Total at 31 March 2013</b>	<b>0</b>	<b>2,902</b>	<b>692</b>	<b>3,594</b>
Embedded derivatives	0			0
Receivables - NHS		3,678		3,678
Receivables - non-NHS		671		671
Cash at bank and in hand		0		0
Other financial assets	0	73	710	783
<b>Total at 31 March 2012</b>	<b>0</b>	<b>4,422</b>	<b>710</b>	<b>5,132</b>
36.2 Financial Liabilities	At 'fair value through profit and loss' £000	Other £000	Total £000	
Embedded derivatives	0		0	
NHS payables		3,233	3,233	
Non-NHS payables		16,564	16,564	
Other borrowings		0	0	
PFI & finance lease obligations		0	0	
Other financial liabilities	0	14,833	14,833	
<b>Total at 31 March 2013</b>	<b>0</b>	<b>34,630</b>	<b>34,630</b>	
Embedded derivatives	0		0	
NHS payables		6,431	6,431	
Non-NHS payables		23,041	23,041	
Other borrowings		0	0	
PFI & finance lease obligations		0	0	
Other financial liabilities	0	19,225	19,225	
<b>Total at 31 March 2012</b>	<b>0</b>	<b>48,697</b>	<b>48,697</b>	

### 37 Related party transactions

During the year Board Members and members of the key management staff, or parties related to any of them, have undertaken material transactions with East Lancashire Teaching PCT. These payments were mostly made in relation to GP's carrying out their clinical work, and were as follows:

Locality Lead	Employing Practice	Payments to Employing £
Dr M Ions	Pendle View Practice	985,567
Dr D White	Rosehill Practice	690,322
Dr Huxley	Dr Sangster & Partners	1,049,986
Dr Williams	Irwell Medical Practice	1,659,243
Dr Motupalli	Blackburn Road Medical Practice	525,341
Dr Whyte	Sabden & Whalley Medical Group	1,591,118

The Department of Health is regarded as a related party. During the year East Lancashire Teaching 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

Strategic health Authorities  
 NHS Foundation Trusts  
 NHS Trusts  
 NHS Litigation Authority  
 NHS Business Services Authority

In addition, the PCT has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with Local Authorities.

### 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	117	5
Special payments - PCT management costs	254,058	19
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
<b>Total losses</b>	<u>117</u>	<u>5</u>
<b>Total special payments</b>	<u>254,058</u>	<u>19</u>
<b>Total losses and special payments</b>	<u>254,175</u>	<u>24</u>

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	5,741	19
Special payments - PCT management costs	1541	21
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
<b>Total losses</b>	<u>5,741</u>	<u>19</u>
<b>Total special payments</b>	<u>1,541</u>	<u>21</u>
<b>Total losses and special payments</b>	<u>7,282</u>	<u>40</u>

### 39 Third party assets

The PCT did not hold any assets on behalf of other bodies which have not been accounted for in these Accounts.

### 40 Pooled budget

East Lancashire Teaching PCT has one pooled budget arrangement which is in partnership with and hosted by Lancashire County Council:

The PCT's shares of the income and expenditure handled by the pooled budget in the financial year were:

	2012-13 £000	2011-12 £000
Original:		
LCC	35,870	36,030
Contribution from PCT	1,931	2,118
LDDF	121	233
Contribution to overspend:		
LCC	5,107	4,156
EL PCT	188	176
Total contributions	<u>43,217</u>	<u>42,713</u>
Total Expenditure	<u>43,217</u>	<u>42,713</u>

### 41 Cashflows relating to exceptional items

There are no exceptional items requiring disclosure.

### 42 Events after the end of the reporting period

As part of the changes to the NHS brought about by the Health and Social Care Act 2012, East Lancashire Teaching PCT ceased to exist on 31 March 2013. This Act also established a number of successor organisations to which commissioning functions have transferred. The table below gives an indication of successor organisations, their functions and the value of the commissioning resource that they have become responsible for.

New Body	Functions	Revenue Resource £'000
East Lancashire Clinical Commissioning Group	Acute & Secondary Services Prescribing  Local Enhanced Services Out-of-Hours Services	486,440
NHS England	Primary Care Services Specialised Commissioning Children's public health	144,273
Lancashire County Council	Public Health	15,798
NHS Property Services	Ownership, maintenance & management of ex PCT estate	16,498

Assets and liabilities will be transferred to receiver organisations. NHS Trusts and Foundation Trusts were eligible to have assets transferred to them for which they have over 50% control / occupancy.

The table below gives an indication of the value of assets and liabilities to transfer to each of the recipient organisations

	East Lancs CCG £'000	NHS England £'000	NHS Property Services £'000
Assets	0	1,000	36,000
Liabilities	(19,000)	0	0

## ANNUAL GOVERNANCE STATEMENT 2012/13

### EAST LANCASHIRE TEACHING PRIMARY CARE TRUST (5NH)

#### 1. Scope of responsibility

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.

In addition to my accountability to Parliament, I report, either directly or via lead Directors, to the Board on a regular basis on all matters of performance of the Primary Care Trust (PCT). An independent perspective is brought to this process by our Non-Executive Directors, who as the previous PCT Chairs will, in addition to their NED role on the Cluster board, continue to support the Cluster Chair by providing leadership in their former localities.

The PCT works in close partnership with the other Cluster PCTs, local provider NHS and Foundation Trusts, Local Authorities, independent contractors, independent providers, education establishments and voluntary bodies as partnership working beyond the health sector is required to tackle the determinants of health and health inequalities. The PCT is committed to partnership working with Lancashire County Council and with the five district local authority areas that the PCT covers. Examples include Local Strategic Partnerships – district level groups which aim to develop and deliver sustainable community plans. The PCT also has a statutory duty to work within Crime and Disorder Reduction Partnerships (CDRPs) tackling crime and the fear of crime in our communities and with Children's Trusts to ensure implementation of Every Child Matters.

The PCT is accountable for performance management matters through the Cluster Board to NHS North of England, which is achieved through regular meetings and reporting on specific issues.

In January 2012, the NHS Lancashire Board supported the proposal to substantially increase the level of autonomy and financial responsibility devolved from the PCT to the 'shadow' East Lancashire CCG operating within its boundaries. In the 'shadow' phase leading up to authorisation and establishment as a statutory body, the CCG will exercise delegated PCT functions. This includes 100% of the relevant budget delegation.

#### 2. The Governance Framework of the Organisation

The NHS Lancashire Board was established in 2011 and held its first meeting in public on 7 July 2011. It has been established as the embodiment of the Boards of the five Lancashire PCTs. The Board has a range of committees reporting to it, each providing assurance to the Cluster Board through the business transacted at the meetings. The eight CCGs will operate as a sub-committee of the Cluster Board during the transitional period through to March 2013. With effect from 1 April 2013 each CCG will have its own statutory Board.

Responsibility for the corporate assurance framework sits with the Director of Partnerships and Corporate Affairs. The domains relating to quality assurance and clinical governance directly relate to the Directors of Nursing and the Medical Director. The domains relating to financial stewardship relate to the role of the Director of Finance.

A Cluster Audit Committee has been established, which replaces the existing arrangements currently in place in each of the legacy PCT's. Chaired by Ian Cherry, Cluster Audit Chair and Locality Lead NED for Central Lancashire, the committee, which is a formal committee of the Cluster Board has agreed draft Terms of Reference which will enable it to provide assurance to the Board through the business transacted at the meetings, in relation to financial reporting; internal controls and risk management systems across the Cluster; internal and external audit functions, and counter fraud. The committee will report formally to the Cluster Board following each of its meetings.

The Cluster Executive Team, although not a formal committee of the Board, plays a key role in providing executive leadership and assurance for the business of NHS Lancashire and in ensuring the delivery of the vision as set out by the Board. The Executive Team has authority to authorise expenditure or make decisions consistent with the Cluster scheme of reservation and delegation, as well as being responsible for ensuring the implementation of decisions made by the Board and its committees. Each Executive Director has been assigned to a specific work stream to support the delivery of the Cluster priorities.

The link between NHS Lancashire Board and the five locality PCTs is provided through each of the Locality facing Cluster Directors, and the Locality Lead NEDs (former PCT Chairs). The expertise of some of the former PCT Non-Executive Directors has also been retained across NHS Lancashire following the appointment of Lay Advisors to localities and CCGs.

There are a series of partnership boards or groups which are established to deliver objectives across health economies. Such groups are not regarded as formal committees of the Board but subject to appropriate delegated authority being in place, usually within the Terms of Reference of the group, enable Cluster representatives to speak on behalf of the organisation at these meetings. Examples of such groups are, Lancashire Improving Outcomes Board and the Clinical Transformation Board.

More informal Board Development sessions are held on a bi-monthly basis to enable protected time for the Board to develop its understanding in relation to key issues, for example the transformation of the NHS; CCG authorisation.

Three representatives of the CCG network have been in attendance at the Cluster Board since its inception in July 2011 and with effect from February 2012 all eight Chairs are invited to attend. Shadow Boards are established for each of the eight CCGs in Lancashire, and CCG Chairs have agreed that they will summarise the business transacted at their Board meetings to future Cluster Board meetings.

The transition, closedown and handover process has been completed by the PCT through the Transition Project Board. Information has been transferred to Department of Health legal team to draw up appropriate Transfer Orders and Schemes. A structured process is in place which will allow staff and functions to transfer to receiving organisations. The PCT risk register has identified each risk as closing 31

March, or transferring to a named receiving organisation, for them to include in their opening risk register.

A plan for the completion of 2012/13 Annual Accounts has been completed. A Locality Assurance Group meeting for NHS East Lancashire will provide local assurance on the audited accounts.

The PCT ceases to be a statutory body on 1<sup>st</sup> April 2013, and therefore its responsibility for scrutiny and assurance in relation to the Annual Report and Accounts and governance statements is lost. However, there is still a legal requirement for the annual report and accounts and governance reports to be produced and scrutinised. To maintain rigour in the process, the Department of Health has facilitated the establishment of an audit sub-committee to support the final accounts process for 2012/13. This sub-committee is a sub-committee of the Department's Audit and Risk Committee.

The scope of the audit sub-committee is to review the annual report, financial statements and governance statement of the PCT prior to signing by the Accountable Officer and Director of Finance, focusing on:

1. The wording in the governance statement
2. Changes in, and compliance with, accounting policies and practices
3. Unadjusted mis-statements in the financial statements
4. Significant judgements in preparing the financial statements
5. Significant adjustments resulting from audit
6. Letter of representation, and
7. Qualitative aspects of financial reporting

### **3. Risk Assessment**

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 on-going process designed to:

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

NHS East Lancashire's policy is that risk management is an essential function of the PCT's activity. Structures, processes and resources have been put in place to support the identification, assessment and management of risks throughout the PCT and to assure the public, patients, staff and partner organisations that NHS East Lancashire implements its commitment to manage risk effectively.

The Risk Management Policy has been revised during 2012/13 to reflect the changes within the organisation's structure. The policy sets out the organisation's attitude to risk and describes the structures and processes by which risk is managed. It clearly outlines the leadership, responsibility and accountability arrangements. These responsibilities are then taken forward through the Assurance Framework, Risk Registers, Business Planning and Performance Management processes enabling a coherent and effective delivery of risk management throughout the organisation. At the beginning of the financial year 2012/13, Risk Management services were provided to NHS East Lancashire by Lancashire Care Foundation Trust. This service transferred back in house from May 2012 and considerable action has been taken to ensure that robust risk management systems were implemented to respond to the changes in organisational form and operated to provide clear assurance of effective risk management across the Trust.

The Assurance Framework is reported through the Locality Assurance Group on behalf of the Cluster Audit Committee.

The Audit Committee reviews the establishment and maintenance of an effective system of governance, risk management and internal control across all the organisations activities.

The Cluster Board is responsible for reviewing the effectiveness of internal controls.

### **Risk Profile**

The risk profile of the organisation is constantly changing due to the nature of reform and rate of transition which has occurred during this year.

New risks identified for inclusion on the organisation's risk register are assessed for their likelihood and consequence using a 5 x 5 risk matrix in accordance with the risk management policy.

All risks with an overall risk score of 15 or above are included on a corporate risk register and the assurance framework, which is presented to the Locality Assurance Group monthly and the Audit Committee quarterly to ensure that risks identified against the principal objectives of the organisation are being addressed appropriately.

The impact of reform and transition have led to the identification of new risks which have been managed through the PCT's Transition Project Board, human resources policies and enhanced communication.

### **Information Governance**

Responsibility for information governance is delegated to the Head of Information Governance, who also fulfils the role of Senior Information Risk Owner.

Day-to-day support and management is provided locally with cluster wide support from the Head of Information Governance.

The PCT provides formal assurance of its compliance with Information Governance requirements annually through the Information Governance Toolkit (IGT). The IGT is



a national self-assessment and reporting tool that organisations must use to assess local performance in line with the requirements set out in the NHS Informatics Guidance and Operating Framework 2011/2012. The IGT submission is subject to independent audit. In Version 9 the cluster achieved 68% and Satisfactory Rating. In November Audit North West reviewed the evidence and agreed with the workplan submitted. However due to workload and lack of resources the focus has been on ensuring the emerging NHS organisations are in the best possible position. This decision was supported by the Cluster SIRO.

All GP practices and community pharmacies within NHS East Lancashire are individually responsible for making their own IGT submission. This is monitored by the Information Governance Department. Completion of the IGT is mandatory for general dental and optometric practices in 2012/2013.

For the year 2012/13 with the closure of the PCT and the creation and development of new bodies the Version 10 Cluster Toolkit post 31 March 2013 would have little value if submitted. It has been agreed at the Cluster Executive Meeting on Tuesday 12th February 2013 the Version 10 Toolkit will not be submitted on the basis that if a submission was made a satisfactory rating would not be achieved. Individual PCT's within the Cluster have made the decision not to progress further with their part of the Toolkit. In addition none of the PCTs which make up the cluster have a pseudonymisation solution (Req 324) in place.

The risks identified within the IG toolkit compliance and associated transition have been included within the overall Information Governance work programme, which is overseen by the NHS Lancashire Information Governance group.

There have been no information governance serious untoward incidents (SUIs) or breaches reported to the Information Commissioner within East Lancashire.

#### **4. The Risk and Control Framework**

NHS East Lancashire has implemented a policy which sets out its approach to risk management and the framework for managing risk and the systems for providing assurance.

The Risk management is embedded through:

- Compliance with legislative and regulatory requirements
- Standing Financial Instruction and Standing Orders
- Sub committees of the Cluster Board and Shadow CCG Board
- Board Assurance Framework
- Corporate Risk Register
- Directorate and CCG Risk Registers
- Risk Leads
- Internal performance management processes
- Policies and Procedures (including the adoption of emerging NHS Lancashire arrangements)

Delivery and adherence to risk management arrangements is the responsibility of everyone within the organisation. This is supported by dedicated resource to implement, advise and review compliance with risk management requirements across the organisation. The primary focus for this is through Risk Leads who are tasked with the responsibility to report risk as part of the risk register and ensure actions are delivered to minimise risk in their Directorate.

Maintaining the level of robustness around the risk and control framework has been enhanced during the reporting period through the operation of a Risk Management Group which reviews all risks on Directorate and CCG risk registers to ensure they are being managed effectively. High scoring risks are reviewed by the Transition Project Board through the Corporate Risk Register and Assurance Framework.

Similar structures have been implemented within the CCG to ensure that it has effective risk management systems in place to support its transition to an Authorised Body from 1 April 2013.

The organisation can report that:

- it continues to work to the vision and values as set out in its Strategic Commissioning Plan
- it complies with Local Counter Fraud and NHS Protect (previously Security Management Services) directives a robust information governance framework is in place, with NHS East Lancashire participating and contributing to the reporting of a cluster assessment of satisfactory against the Information Governance toolkit
- Standing Orders, Standing Financial Instructions and Schemes of delegation are in place and have been reviewed and updated as necessary to reflect the approved changes and delegation of authority associated with the transition
- a suitable review, approval and dissemination process has been implemented for policies and procedures, which takes account of local requirements and the development of policies at an NHS Lancashire level

NHS East Lancashire has utilised the following key elements of its control framework to secure assurance for the prevention, deterrent and management of both manifest and potential risks:

#### **Board Assurance Framework**

The Board Assurance Framework provides a comprehensive method for the effective and focussed management of the principal risks to achieving the organisations objectives.

An assurance framework has been in place throughout the year which has supported the completion of the Annual Governance Statement. This is underpinned by the practical application of risk management and maps the principal objectives to risks, controls and assurances.

Gaps in assurance and control are also included and notified to the Locality Assurance Group monthly and NHS Lancashire Audit Committee quarterly through presentation of the complete document.

All risks included within the Assurance framework fall into a risk register.

Risks scoring a level 15 or above are notified to the Transition Project Board through submission of a corporate risk register.

All risks scoring 12 or below are managed through the Risk Management Group, which review risks monthly.

The assurance framework provides reasonable assurance that there is an effective system of governance and internal control to manage the principal risks identified by the organisation.

### **Internal Audit**

All of the above factors outline how NHS East Lancashire has implemented a system of internal control which is intent on preventing risks from occurring where possible, minimising their impact in the event that they do arise and managing both manifest and potential risks in an efficient and effective manner.

The processes have been subject to continued review by Audit North West.

### **Management of Incidents**

NHSEL has policies and procedures in place which identify a requirement for the reporting of all adverse incidents, both actual and 'near misses', and significant events so that real opportunities for improvement and risk reduction are taken and incidents from commissioned services can inform future commissioning intent.

NHSEL Operationally Performance Manage Serious Untoward Incidents that are StEIS reportable from providers for whom NHSEL are the Lead Commissioner and ensure incidents are properly investigated, that action is taken to improve clinical quality and that lessons are learnt in order to minimise the risk of similar incidents occurring in the future.

### **Quality Report**

The Local Delivery Group and more recently the CCG's Quality and Standards Committee, receives a Quality and Safety Governance Report on a 6 monthly basis with identified exceptions reported monthly.

Information relating to quality is regularly analysed and where appropriate challenged and improvements monitored. The quality and safety governance framework addresses the function as both a provider of and commissioner of services to ensure that any risks associated with transition up to and including March 2013 are mitigated.

The PCT has an identified quality lead to ensure external issues or potential risks to quality as well as internal risks are considered as part of the overall organisational strategy and supports quality as part of the Clinical Commissioning Groups clear and credible plan.

The PCT submits a monthly performance report to NHS Lancashire Cluster Board showing performance against national priorities including those mandated in the operating framework. Where areas are noted to be amber or red as part of the RAG rating of performance the Cluster Executive team have requested exception reports regardless of how near to target. The exception report requires a narrative giving current position and actions to improve.

## **5. Review of the Effectiveness of Risk Management and Internal Control**

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining

assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work.

The Head of Internal Audit Opinion for 2012/13 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 achieving its principal objectives have been reviewed.

My review is also informed by other major sources of assurance on which reliance has been placed during the year, e.g. comments made by the external and internal auditors and the Care Quality Commission.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Cluster Board, Audit Committee, Locality Assurance Group, Cluster Health and Safety Committee, Directors and managers, Internal Audit, the Assurance Framework process and External Audit.

## **6. Significant Issues**

There have been no significant control issues in NHS East Lancashire in 2012/13.

During the year, the organisation has been faced with the challenges associated with significant reform, including the loss of organisational memory and transition on a scale and pace not previously experienced within the NHS.

There has been real and sustained effort to maintain governance and accountability arrangements during the reporting period.

The transition of the PCT into the new commissioning architecture was overseen by a core transition team who met on a weekly basis to assess progress against the transition project plan and assess risks of delivery.

Individuals were held responsible for supporting the transition by ensuring their roles and responsibilities were in a state of readiness to be handed over to the organisation taking over that commissioning function. Handover plans were completed and held centrally for monitoring of delivery, and where practicable, handover commenced as soon as possible prior to the demise of the PCT.

The risks of transition were reported to the Local Assurance Group, indicating the level of risk and mitigating actions.

In conclusion my review confirms that NHS East Lancashire has a generally sound system of internal control that supports the achievement of its policies, aims and objectives.

Signed 

Richard Jones  
Area Director  
NHS England - Lancashire

Date 6/8/13