



Department
of Health



Somerset Primary Care Trust

2012-13 Annual Report and Accounts

You may re-use the text of this document (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit www.nationalarchives.gov.uk/doc/open-government-licence/

© Crown copyright

Published to gov.uk, in PDF format only.

www.gov.uk/dh

Somerset Primary Care Trust

2012-13 Annual Report

Annual Report 2012/13

Contents

| | Page |
|--|------|
| Welcome | 1 |
| The Health and Social Care Act (2012) | 2 |
| Who We Are and What We Do | 4 |
| The Trust Board | 4 |
| Board meetings | 5 |
| What we do | 5 |
| Service Innovation | 6 |
| Preventing people from dying prematurely | 6 |
| Enhancing quality of life for people with long term conditions | 6 |
| Telehealth – remote patient monitoring | 7 |
| Screening programmes for long term conditions | 7 |
| Helping people to recover from episodes of ill health or following injury | 8 |
| Review and improve stroke services | 8 |
| Ensuring that people have a positive experience of care | 8 |
| Treating and caring for people in a safe environment and protecting them from avoidable harm | 9 |
| Improving Access | 10 |
| Reducing hospital waiting times | 10 |
| Reducing hospital waiting times for cancer services | 10 |
| Improving dental access | 10 |
| Improving GP access | 11 |
| Improving Service Quality | 11 |
| Quality assurance | 11 |
| Serious untoward incidents and never events | 11 |
| Infection prevention and control | 12 |
| Mental health | 12 |
| Dementia | 12 |
| Learning disabilities | 13 |

| | |
|---|----|
| Listening to Patients and Carers | 13 |
| Patient and public involvement | 13 |
| Patient Participation Groups | 13 |
| Health Forums | 13 |
| Patient Advice and Liaison Service (PALS) | 14 |
| Complaints | 14 |
| Patient engagement | 14 |
| Equality and diversity | 15 |
| | |
| Our Staff | 15 |
| | |
| Sustainability | 16 |
| | |
| Emergency Planning | 17 |
| | |
| Finances | 17 |

Welcome

Welcome to the 2012/13 Annual Report. It has been a remarkable year for healthcare and health services across Somerset, bringing considerable achievements in improving health and health care for patients, and at the same time, challenge and change for our staff.

NHS Somerset has a proud track record of sound financial planning and delivering high performance. We have established strong and effective partnerships with our colleagues within local acute trusts, with GPs, local government, social service, the voluntary sector, and through the essential engagement of clinicians across the health community, and we have developed robust systems for clinical, corporate and financial governance.

NHS Somerset achieved a year end budget underspend of £7,965,000. This was in line with its target agreed with NHS South West for the financial year 2012/13.

The length of time patients have to wait for a hospital appointment or diagnostic test has continued to reduce, and services to stroke patients have improved, with faster access to specialist stroke care.

As at 31 March 2013, Taunton and Somerset NHS Foundation Trust and Yeovil District Hospital NHS Foundation Trust achieved the Referral to Treatment target of 90% in aggregate, of admitted patients seen within 18 weeks of referral.

In November 2006 NHS Somerset made a commitment to support health service improvement with the development of modern buildings and facilities.

Substantial investment was made, to replace four of the county's oldest community hospitals. Replacement hospitals have been provided in Frome, Minehead and South Petherton. Funding for a replacement hospital for Bridgwater was secured in March 2012. The new hospital is under construction and should receive its first patients by the spring of 2014.

Substantial investment has also been made in the county's GP surgeries with 53 of 76 practices being either rebuilt, extended or refurbished.

The development of the Beacon Cancer Centre at Musgrove Park Hospital in Taunton has improved the care of patients with cancer and when completed, the 112 room Jubilee Building will significantly increase the hospital's capacity for delivering routine surgery.

Admissions to hospital of patients with long-term conditions such as asthma and diabetes has reduced as patients have been cared for and supported by their GP.

The Health and Social Care Act (2012)

In July 2010, the Department of Health published its NHS White Paper, 'Equity and Excellence: Liberating the NHS' setting out the Government's long-term vision for the future of a clinically led NHS.

The Health and Social Care Act (2012) received Royal Assent on 27 March 2012 and through the philosophy of 'no decision about me without me', underpinned by the NHS Constitution, seeks to bring about a cultural shift by putting more power in the hands of patients and bringing decision making into the clinical front line. Patients will have more choice and control, helped by easy access to the information they need about the best General Practitioners (GPs) and hospitals.

In what is described as the biggest reform of the NHS, with the abolition of Primary Care Trusts and Strategic Health Authorities on 31 March 2013, the planning and transition programme of work means that Somerset will achieve the planned organisational reforms.

In April 2013, Somerset CCG will take over the statutory responsibility of commissioning most of the health services for Somerset's 535,000 residents. It will have an annual budget of £686 million pounds. Its responsibilities will include planning and commissioning health services by assessing the needs of the population; engaging with local patients and clinicians; deciding service priorities; purchasing care; quality monitoring of the services provided by organisations; and measuring the impact of services on the health of the population.

NHS Somerset Clinical Commissioning Group (CCG) was fully authorised without any conditions. It becomes a statutory body from 1 April 2013.

Somerset CCG has been established as a membership body and consists of all of the county's General Practices. GPs are allied within nine GP Federations across the county; each of the federations has a delegate on Somerset CCG's Clinical Operations Group (COG), which in turn supports the detailed commissioning work of the Somerset Clinical Commissioning Group.

For 2013/14 the South West Commissioning Support Unit will have service agreements with Clinical Commissioning Groups (CCGs) across the four areas of:

- Somerset
- Bristol
- North Somerset
- South Gloucestershire

The combined population within these CCG areas is almost 1.5 million patients.

The South West Commissioning Support Unit achieved authorisation after it passed a fourth and final checkpoint.

From 1 April 2013 Somerset County Council takes over the responsibility for the majority of Public Health functions. Building on the strong emphasis on partnership working in the county, Somerset County Council has embraced the development of a Shadow Health and Wellbeing Board and is progressing work towards formal constitution as an Executive Committee of the Council.

A 'Task and Finish Group' was established, consisting of key lead members and officers from the county council and key senior officers from NHS Somerset and Somerset Local Involvement Network (LINK). This group made recommendations for the scope and membership of the Shadow Health and Wellbeing Board. The Shadow Board has consulted on and developed a draft Joint Health and Wellbeing Strategy which provides a joint vision and priorities for improving health and reducing health inequalities.

The cornerstone of the Health and Wellbeing Board's efforts towards improving the population's health and reducing health inequalities is the Joint Strategic Needs Assessment (JSNA). Improved health from a range of factors, including reducing the current levels of smoking, obesity and increasing physical exercise, depends upon strong partnership working by all organisations and agencies across the county and in every community.

The new NHS National Commissioning Board (now known as NHS England) has been established with its headquarters in Leeds. It will have 27 area teams located across England. Somerset is part of the team covering Bristol, North Somerset, Somerset and South Gloucestershire.

A key role for the Area Teams will be to manage and oversee the commissioning of specialist health services as well as manage the contracts for services delivered by GPs, dentists, pharmacists and opticians.

NHS England is responsible for ensuring that the NHS delivers better outcomes for patients within its available resources. Its role is to improve service outcomes and improve the quality of care.

This report outlines just some of the significant process we have made this year in developing health services. We would like to express our thanks to everyone who has been involved in delivering these improvements and for their continued work in quality improvement and innovation. We pay tribute to our staff who, whilst facing a period of change and uncertainty, continue to press ahead with service improvements to ensure the best outcomes for patients in Somerset.

Jane Barrie OBE
Chairman

Ian Tipney
Chief Executive

Dr Donal Hynes
**Chairman of the
Professional Executive Committee**

Who We Are and What We Do

The Trust Board

The NHS Somerset Board is responsible for setting the overall strategy of the Trust, for monitoring performance and maintaining the highest standards of public accountability.

The Chairman and Non-Executive Directors are drawn from the local community and appointed by the NHS Appointments Commission.

All Non-Executive members, including the Chairman, are members of the Remuneration and Terms of Service Committee. This committee is responsible for appraising the performance of the Chief Executive and Executive Directors and determining their terms of service and salaries.

During 2012/13, the voting Members of the Primary Care Trust Board were:

- Jane Barrie OBE - Chairman
- Ian Tipney - Chief Executive
- Jan Hull - Deputy Chief Executive/Director of Strategic Development
- Dr Donal Hynes - Chair of the Professional Executive Committee
- Dr Caroline Gamlin - Joint Director of Public Health (until 30 November 2012)
- Trudi Grant – Acting Joint Director of Public Health (From 1 December 2012)
- Paul Goodwin - Director of Finance and Performance / Interim Director of Commissioning
- John Bloomfield - Non Executive Director
- Lou Evans - Non Executive Director and Chair of Audit Committee
- Andrew Govier - Non Executive Director
- Paul Jackson - Non Executive Director

The non-voting Members were:

- Mal Lee - Acting Director of Corporate Services and Communications (From 1 November 2012)
- David Slack - Designate Accountable Officer, Somerset Clinical Commissioning Group
- Lucy Watson - Director of Nursing and Patient Safety
- Mark Appleby – Director of Workforce

Board Meetings

The Board of NHS Somerset meets on a monthly basis. The public can attend meetings as observers and are invited to ask questions at the start of each meeting.

The Board papers are available on our website at www.somerset.nhs.uk.

Board Committees

Committees of the Board during 2012/13:

- Professional Executive Committee
- Remuneration and Terms of Service Committee
- Audit Committee
- Integrated Governance Committee
- Functions and Delegations Committee
- Clinical Commissioning Group

What we do

NHS Somerset is the organisation responsible for the planning and funding of local health services. This is called commissioning.

Commissioning involves planning and buying services by assessing the needs of the population; deciding what to prioritise; purchasing care; quality monitoring of the organisations providing services; measuring impacts and planning next steps.

Our aim is to increase the life expectancy of the people of Somerset by preventing ill health, reducing waiting times for diagnosis and treatment and reducing the inequalities in health which exist in the county. We do this by working with partner organisations, patients, clinicians, service providers, third sector organisations, local authorities and the voluntary sector.

NHS Somerset commissions services from local NHS hospitals, mental health and community service providers and ambulance trusts. Services are also commissioned from the independent sector, such as Shepton Mallet NHS Treatment Centre. During 2012/13, much of the commissioning work was delegated to the Clinical Commissioning Group.

NHS Somerset also works with local, independent contractors of health care:

- 76 GP Practices
- 73 Dental Practices (including four orthodontic only plus one domiciliary provider)
- 96 Community Pharmacies
- 55 Optometric Practices (of which five provide domiciliary services) plus a further 10 domiciliary service providers

Service Innovation

NHS Somerset is committed to delivering safe, high quality care, but we also want to continuously improve services so they are developed to take account of the patient experience.

Health services in Somerset are being improved in five key areas. These areas are reflected in our annual operating plans and were first set out in 2008 by Lord Ara Darzi, in his NHS Next Stage Review.

1 PREVENTING PEOPLE FROM DYING PREMATURELY

The causes of ill health and premature death are often influenced by factors such as environment, diet and lifestyle. Smoking still remains the biggest cause of ill health and premature death.

People in Somerset live longer than the national average and NHS Somerset is working, together with other agencies, to prolong the years of active good health amongst older residents. Our ambition is to match the highest life expectancy in Europe.

Lives are being improved and extended in Somerset by the use of a range of screening services.

For example:

- Abdominal Aortic Aneurysm Screening: screening of men aged 65 and over with the aim of reducing deaths from abdominal aortic aneurysms
- Breast Screening: three yearly screening for women aged 50-70 is currently being extended to women aged 47-73
- Cervical Screening: screening of women aged 25-50 every three years and women aged 50-64 every five years with the aim of preventing cervical cancer by detecting and treating cervical abnormalities at an early stage
- Bowel Cancer Screening: two yearly screening for men and women aged 60-74 to detect and treat bowel cancer early

2 ENHANCING QUALITY OF LIFE FOR PEOPLE WITH LONG TERM CONDITIONS

Many people in Somerset are living with long term health conditions. These might include conditions such as diabetes, chronic lung disease, heart disease or arthritis, or mental ill health, such as depression. Such conditions will often

dominate the person's day-to-day life and make them more susceptible to bouts of illness which frequently results in them being admitted to hospital.

NHS Somerset is working to design services which support these patients, so they can better manage their own health and reduce the number of avoidable admissions to hospital.

We are improving the lives of people with long term ill health by implementing Personalised Care Planning. Evidence shows that patients who are actively engaged in managing their own health have better health outcomes.

For the last four years, staff within GP Federations and individual GP Practices have received training in Personalised Care Planning. This includes GPs, practice nurses, health care assistants, practice administration staff and Somerset Partnership NHS Foundation Trust staff.

Telehealth – remote patient monitoring

The use of telehealth technology has already helped more than 130 patients living with long term conditions and reduced the number of admissions they required to hospital. Investment in monitoring smartphone technology will help a further 425 patients to check their blood pressure, oxygen levels and blood sugar each day. Such technology is helping to overcome complications with their health, and should monitoring suggest their health is becoming worse, advice and support will be delivered right to their home.

Screening programmes for long term conditions

A range of health conditions are screened for in Somerset. These screening programmes are helping to identify and remedy potential health problems, and to support patients as soon as their conditions are detected. Screening programmes include:

- screening in pregnancy for infectious diseases
- pre-birth screening for conditions such as Down's syndrome or physical abnormalities
- new born screening for conditions including sickle cell disease and cystic fibrosis
- hearing tests for babies after two weeks of birth
- head to toe physical examination of new born babies and again at six to eight weeks old
- eye and hearing tests when children start school
- health visitor checks for children up to the age of four
- diabetic eye screening for patients with diabetes aged 12 or over
- height and weight checks for year 6 age children
- chlamydia screening for men and women between 15 and 24 years of age

3 HELPING PEOPLE TO RECOVER FROM EPISODES OF ILL HEALTH OR FOLLOWING INJURY

The NHS exists to provide safe, high quality care and to deliver it in a way which is based upon best clinical evidence and practice.

District hospitals at Taunton and Yeovil have introduced an enhanced recovery programme for patients. The programme is already increasing the number of patients being treated, delivering better outcomes and shorter hospital stays, and delivering a better staffing environment.

Enhanced community care packages have also been developed for mental health patients and these have helped to reduce both the length of stay within psychiatric hospital wards and the number of re-admissions.

Review and improve stroke services

Approximately 1,000 people in Somerset suffer a stroke each year. Stroke is a major cause of life changing disability. The level of disability a patient might expect can depend upon the speed of their diagnosis and treatment. Stroke services in Somerset are good but the ambition is to make them excellent.

A review of hyper acute stroke services is taking place, incorporating the views of patients and carers, with a view to strengthening the acute stroke pathway. The aim is to configure district hospital services so that 90% of suspected stroke patients can be directly admitted to a hospital stroke unit, where they can undergo an initial diagnostic brain scan and start appropriate treatment, within four hours. Hyper acute stroke services must be able to make best use of available clinical expertise and deliver service 24 hours a day, 365 days a year.

The subsequent rehabilitation given to stroke patients is also an essential part of their recovery and can help restore them to their greatest level of mobility and independence. After being discharged from district hospital more stroke patients are now able to receive the necessary therapy within their own homes as part of a scheme called Early Supported Discharge.

As these services develop, the demand upon stroke rehabilitation beds in community hospitals is expected to reduce.

4 ENSURING THAT PEOPLE HAVE A POSITIVE EXPERIENCE OF CARE

The NHS belongs to everyone and the NHS Constitution sets out the rights, pledges and responsibilities which patients and staff can expect from the service. It aims to protect the NHS and helps ensure that patients receive high-quality healthcare that is free for everyone.

NHS Somerset is committed to listening and being responsive to the views of patients and the public, and to improving services and professional practice.

Patients and NHS staff are encouraged to share to their views through local and national NHS Surveys. Such patient and staff feedback helps to improve local services and the patient experience.

From April 2012 a new 'friends and family' survey test is being rolled out within district hospitals. It will ask patients whether they would recommend the NHS service they received to their friends or family. The results will tell which wards, A&E departments, maternity units and hospitals are providing patients with the best experience of care.

Somerset's Maternity Services Liaison Committee (MSLC) meets quarterly to review the quality of local maternity services and women's experiences of services. The MSLC monitors patient experience and this focus has been successful in encouraging the adoption and development of service innovation.

Notable achievements over the last three years have included increased involvement of mothers in service innovations. These have contributed to a reduction in Caesarean Section rates, including lifestyle clinics (to reduce obesity) and debriefing opportunities after traumatic births.

5 TREATING AND CARING FOR PEOPLE IN A SAFE ENVIRONMENT AND PROTECTING THEM FROM AVOIDABLE HARM

The improvement of patient facilities has been a high priority for NHS Somerset. Since the Primary Care Trust was established in October 2006, three of the county's 13 community hospitals have been replaced, at Frome, Minehead and South Petherton, with the fourth hospital, at Bridgwater, due for completion in 2014.

Improvements have also been made to GP premises with the replacement or refurbishment of 53 of the county's 76 GP Practices.

Local hospitals, mental health and community services, and independent healthcare providers have all benefited from significant service investment.

Work on the new £34 million surgical block at Musgrove Park Hospital, Taunton started in 2012. The Jubilee Building, as it will be known, will be completed towards the end of 2013 and the new three-storey centre provides 112 single rooms with en-suite washing and shower facilities.

NHS Somerset fully supported the business case for the Beacon Cancer Centre at Musgrove Park Hospital and has fully funded the operating costs for four years.

Such developments have improved access and reduced waiting times for treatment.

Improving Access

Reducing hospital waiting times

Once referred to a hospital consultant, patients have the right to be treated within 18 weeks, unless they choose to wait longer or it is clinically appropriate for them to wait longer. NHS Somerset requires hospitals to deliver 95% of patients referred to be treated within 18 weeks.

If a patient cannot be guaranteed their routine hospital treatment with 18 weeks they will be offered a choice of alternative hospitals that will be able to see them more quickly.

As at 31 March 2013, Yeovil District Hospital NHS Foundation Trust achieved the Referral to Treatment non-admitted target of 95% in all hospital specialties. Taunton and Somerset NHS Foundation Trust met this standard on an aggregate basis and continues to work towards achieving this target in all specialties.

Over 130,000 people attended a first outpatient clinic appointment in 2012/13 with approximately 97% being seen within 18 weeks of their referral.

Last year, 116,000 Somerset patients attended Accident and Emergency departments and 86,000 patients attended Minor Injury Units. On average, 97% of these patients waited less than four hours to be seen and either admitted or discharged.

There were also 76,000 Somerset patients who were admitted as an emergency or urgent admission.

More than 93% of the 43,000 patients who had an elective inpatient or day case treatment, waited less than 18 weeks from referral by their GP to receiving hospital treatment.

Reducing hospital waiting times for cancer services

NHS Somerset recognises that all patients referred by their GP for suspected cancer, and those subsequently diagnosed with and treated for this disease, benefit from fast access to cancer services.

During the year all of the operational cancer standards were met with 94% of patients being seen within two weeks of their referral.

Improving dental access

In January 2013, NHS Somerset provided an extra £100,000 to ensure all patients referred for minor oral surgery with the Somerset Community Dental Health service were treated within a maximum of 18 weeks. By March 2013 no patient will have to wait longer than four weeks for such surgery.

Results from the 2012 GP survey showed that at April 2012 96% of patients' successfully accessed NHS dental services. NHS Somerset is ranked first in the South of England and sixth in England for the availability of NHS dental services

Improving GP access

Access to GP practices in Somerset has remained consistently high, with all 76 Practices accepting new patients.

All Practices now provide extended opening hours, either early in the morning, during the evening or at weekends. The overall access for patients being able to see a GP is enhanced by the Yeovil Health Centre which provides walk-in access seven days a week, 365 days of the year, between 8.00 am to 8.00 pm.

Since opening in 2009, the Walk-In Health Centre at Yeovil has treated 102,000 patients. The Health Centre, which is located on the upper floor of Boots the Chemist in Middle Street, provides easy access to members of the public.

Improving Service Quality

Quality assurance

February 2013 saw the publication of the second inquiry report by Sir Robert Francis QC into the failings at Mid Staffordshire Hospital Trust. NHS Somerset and Somerset CCG are building upon the actions put in place after the publication of the first inquiry report in 2010 and more work is being undertaken to ensure a culture of patient safety exists throughout the Somerset health and social care community.

NHS Somerset monitors a range of quality indicators, improvements have been achieved in reporting, leading to better service quality.

Serious untoward incidents and never events

In organisations as large and complex as the NHS, things will sometimes go wrong. Incident reporting is one of the key methods for alerting organisations to issues that may pose risks.

The Care Quality Commission sets clear standards for the reporting and investigation should serious incidents occur.

Last year, 178 Serious Untoward Incidents (SUIs) were reported to NHS Somerset by NHS service providers in the county. The increased reporting of SUIs across Somerset demonstrates greater awareness of patient safety and has resulted in county-wide learning from investigations into their cause. Lessons learned are used to improve the safety of health services.

Infection prevention and control

Patient safety, and reducing the risks of healthcare associated infection, remains a top priority for NHS Somerset.

NHS Somerset ensures that commissioned health and social care services are fully registered with the Care Quality Commission and are compliant with the Department of Health's (2009) 'Code of Practice for the prevention and control of infections'.

Targets are set for MRSA bloodstream and Clostridium difficile infections, and NHS Somerset monitors performance against these targets for Taunton and Somerset NHS Foundation Trust, Yeovil District Hospital NHS Foundation Trust and Somerset Partnership NHS Foundation Trust.

Nine cases of MRSA bloodstream infection were reported in patients registered within Somerset, of which eight were deemed unavoidable following comprehensive root cause analysis. This compares with four cases of MRSA bloodstream infection reported in 2011/12.

NHS Somerset implemented a more sensitive two-stage test for Clostridium difficile. All Somerset NHS service providers are compliant with the national guidance, and with the recommendations for testing, reporting and treatment.

175 cases of Clostridium difficile disease were reported across all healthcare providers against a threshold of 283. All providers reported a reduction in the reported number of cases against figures for the previous year. This continues to demonstrate the significant reductions in healthcare acquired infections during the tenure of NHS Somerset.

Mental health

Since integrating community and mental health services in August 2011, Somerset Partnership NHS Foundation Trust has continued to integrate care in the community for patients with both physical and mental health problems.

Waiting times for patients needing to access services for anxiety and depression have reduced to less than four weeks. The service has also been re-named the Talking Therapy Service.

Dementia

NHS Somerset has made good progress in rolling out the Somerset Dementia Strategy in 2011/12 and plans to improve early diagnosis are progressing well.

A county-wide dementia care pathway has been developed to provide health and social care professionals with the right level of information to improve the support they provide to people with dementia.

Learning disabilities

In 2012/13 continued improvements have been made in the accessibility of health services for people with a learning disability.

Pooled care budgets are being monitored to ensure people with learning disabilities are supported to live in the community and people in specialist placements have positive health outcomes. The expose of the abuse to clients at the Winterbourne View care facility has placed an emphasis upon the close monitoring arrangements for individuals cared for in facilities outside the county.

Somerset CCG is expected to eventually review the service specification for Somerset Partnership NHS Foundation Trust's Specialist Learning Disability Service.

The number of patients with learning disabilities who received annual health checks from their GPs has increased to 71% but there is more work to be undertaken to support this client group.

Listening to Patients and Carers

Patient and public involvement

The views of patients and carers, as well as the rights and pledges set out in the NHS Constitution, are essential to inform the planning and commissioning of local health services.

Views are gathered through statutory bodies like the Somerset Local Involvement Network (LINks), as well as the Patients Association, Patient Participation Groups and local Health Forums.

Patient Participation Groups

NHS Somerset continues to promote Patient Participation Groups within GP Practices, and during 2012/13 the number of groups in Somerset increased to 60.

The Somerset Patient Participation Group Chair Network meets on a quarterly basis and the membership continues to grow as new groups are formed and Chairs are elected. Peter Rowe, Chair of the West Somerset Healthcare Patient Participation Group, Chairs the network meetings.

Health Forums

Somerset GP Practices are grouped into nine Federation areas. NHS Somerset and the CCG are setting up a Health Forum for each Federation area. These meetings will be attended by service providers, commissioners, voluntary organisations, and patient and community representatives.

The first Health Forum was successfully established in Frome in 2010. In 2012/13 further Health Forums were launched in Chard Ilminster and Crewkerne, West

Mendip and Central Mendip. The purpose of the Health Forum is to consider how to communicate and engage with the community, including:

- recognising and valuing the diverse nature of the local community
- listening to and debating areas of concern and commendation
- responding promptly to issues raised
- informing and updating members of the public on local health services and demonstrating changes to the way services are commissioned and provided as a result of feedback

Patient Advice and Liaison Service (PALS)

The Patient Advice and Liaison Service (PALS) remains the first point of contact for those wishing to raise a concern, pay a compliment, make a comment, or raise a complaint about NHS services. PALS provides a free, impartial and confidential service which aims to help resolve any issues quickly. In 2012/13, PALS received 1,354 enquiries.

Complaints

A complaint is an expression of dissatisfaction requiring a response and NHS Somerset aims to resolve complaints as quickly as possible. It is often helpful to arrange meetings with the people who have raised their concerns and the providers of the service in order for all parties to better understand the issues. Early local resolution and the Parliamentary Health Service Ombudsman's six Principles of Remedy underpin the complaints service:

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

NHS Somerset uses patient feedback to inform commissioners and the Board about how services and the patient experience can be improved.

In 2012/13, the Trust received 70 written complaints. In the same period, three complainants contacted the Parliamentary and Health Service Ombudsman, and these complaints remain under investigation.

Patient engagement

Patient engagement in Somerset includes the Health Forums, Patient Participation Chair Network, patient and public consultations.

Consultations in 2012/13 include NHS 111, GP Out-of-Hours Service and Stroke Services.

The Patient and Public Involvement and Communications Steering Group has been extended to include representatives for each of the nine protected equality and diversity characteristics.

Equality and diversity

The Equality Act 2010 places a duty on all organisations to offer protection from discrimination to patients and staff, based on the following protected characteristics:

- age
- disability
- gender re-assignment
- marriage and civil partnership
- pregnancy and maternity
- race
- religion or belief
- sex
- sexual orientation

NHS Somerset has developed its Equality and Diversity Strategy based on the Equality Delivery System (EDS).

A Somerset EDS Cluster Group has representation from Somerset healthcare providers, Somerset Local Involvement Network (LINK) and the County Council. This partnership approach is aiding engagement opportunities with our local interest groups, and promoting wider partnership working and sharing of best practice.

There is now representation and involvement from the Somerset CCG to ensure that the principles for delivery of the EDS are taken forward. Representatives from the nine protected groups, and other groups such as gypsies, travellers and Somerset carers, provide feedback about their experiences of healthcare in Somerset and this helps inform NHS Somerset's equality objectives and strategic planning.

Our Staff

Throughout 2012/13 work has been ongoing between representative trade unions and NHS Somerset to support staff as they go through the transition from the old NHS Somerset to the establishment of the new Somerset Clinical Commissioning Group.

The aim has been to ensure all staff have had access to Human Resource support and fair delivery of training.

Staff sickness continues to be very low at 2.64% against a national target of 3%. This is one of the lowest sickness absence rates in the country and is testament to staff dedication and commitment.

Over the past year, staff have been provided with a programme of training courses to equip and support them through the organisational changes. These include coping with change workshops, career transition support, and assertiveness training. NHS Somerset remains committed to ensuring the equality of opportunity for staff, patients and the local community. Equality and diversity training is mandatory for all Trust staff and statistics are presented to the Board on a quarterly basis.

NHS Somerset has established a Staff Forum for staff employed by the Trust. The purpose of the Staff Forum is to share information about organisational change, to provide staff support for organisational change, to act as a conduit for feedback from each of the directorates and to review staff survey results in order to develop improved communications with staff.

All staff are encouraged to contribute ideas and suggestions in order to influence and develop the transitional change process.

Sustainability

NHS organisations have a statutory duty to assess the risks posed by climate change and these are included in the analysis of risks facing an organisation.

NHS Somerset is continuing to reduce its 'carbon footprint'. It is achieving this by increasing the quantity of paper, plastic and glass it recycles. It has also reduced the amount of heat and light it consumes in its offices and buildings and reduced the distance it sources goods and services from so there is less need for road or air transport.

The NHS Carbon Reduction Strategy requires boards of all NHS organisations to approve and adopt a Sustainable Management Development Plan.

In 2012/13 NHS Somerset:

- continued the cycle to work scheme which is also helping to improve staff health
- helped the national NHS target of reducing carbon emissions through employee travel
- continued to work with the waste management service provider, to considerably increase the amount of recycled materials
- further integrated the principles of sustainability across the organisation

The NHS places a substantial burden on the transport infrastructure, whether through patient, clinician or other business activity. This generates an impact on air quality and greenhouse gas emissions. The NHS Somerset Sustainable Transport Plan provides a framework for taking forward the appropriate actions to reduce or change travel patterns and improve the environment in which we live.

Emergency Planning

NHS Somerset works with the emergency services and local authorities to overcome potential disruption to civil life caused by major incidents, outbreaks of infection, severe weather or acts of terrorism. These responsibilities are set out in the Civil Contingency Act 2004.

Throughout the year, emergency plans were tested, in collaboration with other agencies, such as the police, fire brigade, ambulance service and local councils. NHS Somerset is part of the Avon and Somerset Local Resilience Forum, which was selected last year as one of six pilot areas for developing and testing the local resilience arrangements.

Finances

Operating and Financial Performance

Financial Duties

During 2012/13, Somerset Primary Care Trust met all its financial duties:

| Financial Duty | Result |
|--|--------|
| Operational costs contained within the target set by the Department of Health (revenue resource limit) | ✓ |
| Expenditure on capital items managed within the limit set by the Department of Health (capital resource limit) | ✓ |
| Total cash spend kept below the limit set by the Department of Health (cash limit) | ✓ |
| Full cost recovery is demonstrated within the 'Provider Services' activities | ✓ |
| At least 95% of invoices paid within 30 days in line with the Better Payment Practice Code | ✓ |

Specific details of each of these duties are provided below:

Overview

For the year 1 April 2012 to 31 March 2013, Somerset Primary Care Trust delivered all of its financial targets and delivered a planned underspend of £7,965,000 (2011/12: £7,965,000) against its resource limit of £896,724,000 (2011/12: £866,981,000), in line with its five year Financial Strategy.

This builds on the strong financial performance achieved by Somerset Primary Care Trust in 2011/12, and is based on sound financial management.

Trend Analysis of Revenue Performance

| | 2012/13 | 2011/12 |
|--|---------|---------|
| | £'000 | £'000 |
| Revenue resource limit | 896,724 | 866,981 |
| Underspend against revenue resource limit | 7,965 | 7,965 |
| Percentage underspend against revenue resource limit | 0.9% | 0.9% |

Somerset Primary Care Trust planned to deliver an under spend of £7,965,000 (2011/12: £7,965,000) for 2012/13 to ensure the future affordability of a programme of further investment to improve patient care in acute, community and primary care settings, following a period of unprecedented increases in funding in real terms.

The Financial Framework for 2012/13 put in place resource allocations for the delivery of all national targets. Performance management is integrated with the management of resources so that resources follow priorities. Key developments in 2012/13 have been to:

- meet the costs of increased demand for routine hospital treatment
- develop a flexible healthcare environment to ensure that Somerset patients have greater choice about when and where they receive their treatment
- implement an extensive investment programme in Somerset for development and refurbishment of primary care premises, to ensure their fitness for purpose in taking forward the primary care access agenda
- invest in the development of community hospitals in Somerset including a new community hospital in Bridgwater. This community hospital will improve local access standards, enhance contestability, and make further reductions to local waiting times
- make further reductions to waiting times for mental health services and to enhance the quality and range of local services
- implement the Somerset Dementia Strategy, ensuring early identification of dementia and provision of advice, information and improved choice for service users and carers
- implement the new Diabetes Service across Somerset delivering integrated services closer to home
- implement a programme of initiatives supporting people with long term conditions to understand and manage their conditions more effectively, preventing unnecessary admissions to hospital
- continue to implement the End of Life Care Programme, working in partnership with NHS organisations and the voluntary and community sectors, to support people to die in their place of preference and avoid unnecessary hospital admissions in the last year of life

- commission an Integrated Somerset Paediatric Therapy Service which has demonstrated significant reductions in referral to treatment times and improved outcomes for children and their families
- improve access to dentistry through the opening of new dental practices

During 2012/13, monthly financial reports were regularly presented to the Primary Care Trust Board highlighting the in year performance and forecast year end outturn.

The Primary Care Trust has established an Audit Committee whose role has centred on ensuring the adequacy and effectiveness of the organisation's overall internal control systems. Including three Non-Executive Directors appointed by the Board, the Audit Committee held four meetings during the year and considered:

- governance, risk management and internal control
- internal audit
- external audit
- other assurance functions

Through the work of the Audit Committee, the Board has been assured that effective internal control arrangements are in place.

The following summary financial statements are an extract from the Somerset Primary Care Trust Annual Accounts for 2012/13, and describe how Somerset Primary Care Trust used its resources to deliver health services to residents of Somerset during 2012/13. An explanation of the key financial terms can be found on pages 37-38.

A full copy of the set of audited accounts is available upon request, without charge, from:

Neil Kemsley
Director of Finance
NHS England
South Plaza
Marlborough Street
Bristol
BS1 3NX

E-mail: neil.kemsley@bristol.nhs.uk

Alternatively, the full document can be viewed on the Trust's website at:
www.somerset.nhs.uk/

Outlook for 2013/14 and Beyond

The main functions carried out by Somerset Primary Care Trust in 2012-13 are to be carried out in 2013-14 by the following Public Sector bodies:

| Successor Bodies | Key Function Transferred include |
|---|---|
| NHS England | Primary Care Commissioning, Specialist Commissioning and Public Health Programmes |
| NHS Somerset Clinical Commissioning Group | Commissioning Healthcare, GP Prescribing and Out of Hours Services |
| Somerset County Council | Health Improvement and Wellbeing |
| NHS Property Services | Estate Management |
| Public Health England | Dental Public Health Leadership, Emergency Planning and the Primary Care Quality and Outcomes Framework, Public Health Indicators for Health Inequalities prioritises |
| Department of Health | Transfer of assets (liabilities) |
| Somerset Partnership NHS Foundation Trust | Transfer of assets (liabilities) |

SUMMARY FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2013

Operating costs and miscellaneous revenue are analysed between the commissioning and provider functions. Comparative figures for 2011/12 are also given.

| | 2012/13 | 2011/12 |
|---|----------------|----------------|
| | £'000 | £'000 |
| Administration costs and programme expenditure | | |
| Gross employee benefits | 14,525 | 12,212 |
| Other costs | 903,847 | 874,328 |
| Less: revenue | (30,368) | (28,176) |
| Net operating costs before interest | 888,004 | 858,364 |
| Investment revenue | - | - |
| Other (gains)/losses | 3 | - |

| | | |
|---|----------------|----------------|
| Finance costs | 752 | 652 |
| Net operating costs for the financial year | 888,759 | 859,016 |
| | | |
| Of which: | | |
| Administration costs | | |
| Gross employee benefits | 12,809 | 12,146 |
| Other costs | 8,827 | 10,368 |
| Less: revenue | (2,302) | (2,152) |
| Net administration costs before interest | 19,334 | 20,362 |
| Investment revenue | - | - |
| Other (gains)/losses | - | - |
| Finance costs | - | 66 |
| Net administration costs for the financial year | 19,334 | 20,428 |
| | | |
| Programme expenditure | | |
| Gross employee benefits | 1,716 | 66 |
| Other costs | 895,020 | 863,960 |
| Less: revenue | (28,066) | (26,024) |
| Net programme expenditure before interest | 868,670 | 838,002 |
| Investment revenue | - | - |
| Other (gains)/losses | 3 | - |
| Finance costs | 752 | 586 |
| Net programme expenditure for the financial year | 869,425 | 838,588 |
| | | |
| Other comprehensive net expenditure | | |
| Impairments and reversals put to the Revaluation Reserve | 1,426 | - |
| Net (gain)/loss on revaluation of property, plant & equipment | (2,118) | - |
| Net (gain)/loss on revaluation of intangibles | - | - |
| Net (gain)/loss on revaluation of financial assets | - | - |

| | | |
|--|----------------|----------------|
| Net (gain)/loss on other reserves | - | - |
| Net (gain)/loss on available for sale financial assets | - | - |
| Net (gain)/loss on Assets Held for Sale | 55 | |
| Release of Reserves to Statement of Comprehensive Net Expenditure | 47 | |
| Net actuarial (gain)/loss on pension schemes | - | - |
| Reclassification Adjustments | | |
| Reclassification adjustment on disposal of available for sale financial assets | - | - |
| Total comprehensive net expenditure for the year | 888,169 | 859,016 |

Analysis of Gross Operating Cost

During 2012/13, Somerset Primary Care Trust spent a total of £919,127,000 (2011/12: £887,192,000) on NHS services for local people.

Overall total gross expenditure in 2012/13 increased by 3.6% from 2011/12 (2011/12: 0.78% from 2010/11), reflecting the additional funding Somerset Primary Care Trust received.

| Expenditure area by head of population served | 2012/13 | 2011/12 |
|---|-----------------|-----------------|
| | £/person | £/person |
| Commissioning of healthcare services from NHS hospitals | 1,049.78 | 1,007.25 |
| Purchase of healthcare from the private and voluntary sectors | 185.94 | 167.60 |
| Commissioning of dental services | 53.71 | 52.95 |
| Pharmaceutical and ophthalmic services | 179.31 | 182.09 |
| Payments to GPs | 150.80 | 149.00 |
| Other services and functions | 69.02 | 70.99 |
| TOTAL | 1,688.56 | 1,629.88 |

Expenditure on the commissioning of healthcare services from NHS hospitals increased by 4.2% in 2012/13 (2011/12: 1.1%).

Revenue and Capital Resource Limit

Somerset Primary Care Trust has a statutory duty to maintain expenditure within the resource limits, set by the Department of Health, for revenue and capital.

Revenue Resource Limit

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

The Primary Care Trust's performance for 2012/13, together with comparative figures for 2011/12, is as follows:

| | 2012/13 | 2011/12 |
|--|----------------|----------------|
| | £'000 | £'000 |
| Total net operating cost for the financial year | 888,759 | 859,016 |
| | | |
| Final revenue resource limit for the year | 896,724 | 866,981 |
| | | |
| Under/(over) spend against revenue resource limit | 7,965 | 7,965 |

This table highlights that, in 2012/13 Somerset Primary Care Trust underspent by £7,965,000 (2011/12: £7,965,000) representing 0.88 % (2011/12: 0.92%) of the Primary Care Trust's resource limit. This funding will be returned to the Somerset CCG and NHS England in 2013/14.

Capital Resource Limit

Capital resource provides for expenditure on items with a useful life expectancy in excess of one year (such as land and buildings), and a value greater than £5,000.

The Primary Care Trust met its statutory duty to operate within its capital resource limit as set by the Department of Health. The Primary Care Trust's performance for 2012/13 and 2011/12 is as follows:

| | 2012/13 | 2011/12 |
|--|----------------|----------------|
| | £'000 | £'000 |
| Expenditure for maintenance of capital stock | 1,818 | 6,291 |
| Expenditure from Programme Capital Budgets | 11,000 | |
| Additional capital investment | 2,601 | - |
| Total gross capital expenditure | 15,419 | 6,291 |
| Add: losses on disposals of donated assets | | - |
| Less: net book value of assets disposed of to NHS bodies | | - |
| Less: net book value of assets disposed of to non-NHS bodies | (3) | (314) |
| Less: capital grants received | - | - |
| Less: donations | - | - |
| Charge against the capital resource limit | 15,416 | 5,977 |
| Capital resource limit | 15,416 | 5,997 |
| (Over)/underspend against capital resource limit | - | - |

Analysis of Capital Expenditure

The following table depicts the capital expenditure of the Primary Care Trust for the year ending 31 March 2013.

| CAPITAL PROGRAMME | Expenditure | |
|--|--------------------|---|
| Individual capital schemes more than £50,000: | 2012/13 | Major Objective |
| | £'000 | |
| Bridgwater Community Hospital | 12,601 | Replacement of existing hospital with purpose built facility |
| Primary Care IT Replacement Programme | 600 | Purchase of equipment and software within Primary Care Commissioning |
| Information Management and Technology | 300 | Purchase of equipment and software to support delivery of 21 st century healthcare |
| Estate Services Works | 1,818 | Equipment replacement and refurbishment works |
| Bridgwater Schools for the Future | 50 | |

| CAPITAL PROGRAMME Individual capital schemes more than £50,000: | Expenditure 2012/13 £'000 | Major Objective |
|--|--|------------------------|
| Other capital schemes, each less than £50,000 | 50 | |
| Total expenditure | 15,419 | |

Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2013

The purpose of this statement is to identify gains and losses taken directly to reserves without going through the operating cost statement.

| | General Fund £'000 | Revaluation Reserve £'000 | Other Reserves £'000 | Total Reserves £'000 |
|--|-----------------------------------|--|-------------------------------------|-------------------------------------|
| Balance at 1 April 2012 | 34,035 | 5,810 | - | 39,845 |
| Changes in taxpayers' equity for 2012/13 | | | | |
| Net operating cost for the year | (888,759) | - | - | (888,859) |
| Net gain-(loss) on revaluation of property, plant and equipment | - | 2,118 | - | - |
| Net gain-(loss) on revaluation of intangible assets | - | - | - | - |
| Net gain-(loss) on revaluation of financial assets | - | - | - | - |
| Net gain-(loss) on revaluation of assets held for sale | - | (55) | - | (55) |
| Impairments and reversals | - | (1,426) | - | (1,426) |
| Movements in other reserves | - | - | - | - |
| Transfers between reserves | - | - | - | - |
| Release of reserves to Statement of Comprehensive Net Expenditure | - | (47) | - | (47) |
| Transfers to/(from) other bodies within the group | - | - | - | - |
| Reclassification adjustment on disposal of available for sale financial assets | - | - | - | - |
| | | | | |
| Net actuarial gain/(loss) on pensions | - | - | - | - |

| | | | | |
|---|------------------|--------------|----------|------------------|
| Total recognised revenue and expense for 2012/13 | (888,859) | 590 | - | (888,169) |
| Net Parliamentary funding | 908,944 | | | 908,944 |
| Balance at 31 March 2013 | 54,220 | 6,400 | | 60,620 |

This statement records the movements in reserves for the year ended 31 March 2013.

Statement of Financial Position as at 31 March 2013

The statement of financial position records the assets and liabilities of the Primary Care Trust as at the end of the financial year, and comprises two sections:

- the upper section shows the net assets/liabilities of the Primary Care Trust
- the lower section identifies the source of finance used to fund the net assets/liabilities

| | 31 March 2013 | 31 March 2012 |
|---|----------------------|----------------------|
| | £'000 | £'000 |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 102,988 | 95,955 |
| Intangible assets | 202 | 108 |
| Investment property | - | - |
| Other financial assets | - | - |
| Trade and other receivables | - | - |
| TOTAL NON CURRENT ASSETS | 103,190 | 96,063 |
| CURRENT ASSETS | | |
| Inventories | 8 | 9 |
| Trade and other receivables | 5,263 | 7,541 |
| Other financial assets | - | - |
| Other current assets | - | - |
| Cash and cash equivalents | 32 | 18 |
| Sub total current assets | 5,303 | 7,568 |
| Non-current assets classified 'held for sale' | 2,450 | 1,300 |

| | | |
|--|-----------------|-----------------|
| TOTAL CURRENT ASSETS | 7,753 | 8,868 |
| | | |
| TOTAL ASSETS | 110,943 | 104,931 |
| | | |
| CURRENT LIABILITIES | | |
| Trade and other payables | (37,773) | (52,270) |
| Other liabilities | - | - |
| Provisions | (3,614) | (3,399) |
| Borrowings | (195) | (184) |
| Other financial liabilities | - | - |
| TOTAL CURRENT LIABILITIES | (41,582) | (55,853) |
| | | |
| Non-current assets plus/less net current assets/liabilities | 69,361 | 49,078 |
| | | |
| NON CURRENT LIABILITIES | | |
| Trade and other payables | - | - |
| Provisions | (2,426) | (2,723) |
| Borrowings | (6,315) | (6,510) |
| Other financial liabilities | - | - |
| Other liabilities | - | - |
| Total non-current liabilities | (8,741) | (9,233) |
| | | |
| TOTAL ASSETS EMPLOYED | 60,620 | 39,845 |
| | | |
| FINANCED BY TAXPAYERS EQUITY: | | |
| General fund | 54,220 | 34,035 |
| Revaluation reserve | 6,400 | 5,810 |
| Other reserves | - | - |
| TOTAL TAXPAYERS EQUITY | 60,620 | 39,845 |

This statement records the assets and liabilities of Somerset Primary Care Trust as at 31 March 2012 and 31 March 2013.

Statement of Cash Flows for the Year Ended 31 March 2013

The Statement of Cash Flows provides information on the Primary Care Trust's liquidity.

| | 2012/13 | 2011/12 |
|---|------------------|------------------|
| | £'000 | £'000 |
| Cash flows from operating activities | | |
| Net operating cost before interest | (888,004) | (858,364) |
| Depreciation and amortisation | 3,419 | 3,864 |
| Impairments and reversals | 4,357 | 3,643 |
| Other gains/(losses) on foreign exchange | - | - |
| Donated assets received credited to revenue but non-cash | - | - |
| Government granted assets received credited to revenue but non-cash | - | - |
| Interest paid | (677) | (586) |
| Release of PFI/deferred credit | - | - |
| (Increase)/decrease in inventories | 1 | 38 |
| (Increase)/decrease in trade and other receivables | 2,278 | (2,237) |
| (Increase)/decrease in other current assets | - | - |
| (Increase)/decrease in trade and other payables | (12,082) | (1,501) |
| (Increase)/decrease in other current liabilities | - | - |
| Provisions utilised | (2,035) | (849) |
| Increase/(decrease) in provisions | 1,831 | 1,591 |
| Net cash inflow/(outflow) from operating activities | (890,912) | (854,401) |
| Cash flows from investing activities | | |
| Interest received | - | - |
| (Payments) for property, plant and equipment | (17,684) | (4,786) |
| (Payments) for intangible assets | (150) | (4) |

| | | |
|---|------------------|------------------|
| (Payments) for other financial assets | - | - |
| (Payments) for financial assets (LIFT) | - | - |
| Proceeds of disposal of disposal of assets held for sale (PPE) | - | 1,751 |
| Proceeds of disposal of assets held for sale (intangible) | - | - |
| Proceeds from disposal of other financial assets | - | - |
| Proceeds from disposal of financial assets (LIFT) | - | - |
| Loans made in respect of LIFT | - | - |
| Loans repaid in respect of LIFT | - | - |
| Rental revenue | - | - |
| Net cash inflow/(outflow) from investing activities | (17,834) | (3,039) |
| | | |
| Net cash inflow/(outflow) before financing | (908,746) | (857,440) |
| | | |
| Cash flows from financing activities | | |
| Capital element of payments in respect of finance leases and on-soFP PFI & LIFT | (184) | (177) |
| Net parliamentary funding | 908,944 | 857,616 |
| Capital receipts surrendered | - | - |
| Capital grants and other capital receipts | - | - |
| Cash transferred (to)/from other NHS bodies | - | - |
| Net cash inflow/(outflow) from financing activities | 908,760 | 857,439 |
| | | |
| Net increase/(decrease) in cash and cash equivalents | 14 | (1) |
| | | |
| Cash and cash equivalents (and bank overdraft) at beginning of period | 18 | 19 |
| Opening balance adjustment – TCS transactions | - | - |
| Restated cash and cash equivalents (and bank overdraft) at year end | 32 | 18 |
| Effect of exchange rate changes in the balance of cash held in foreign currencies | - | - |
| Cash and Cash Equivalents (and bank overdraft) at year end | 32 | 18 |

This statement records the movement in cash between 1 April 2012 and 31 March 2013. For 2012/13, the Primary Care Trust's cash balance increased by £14,000 (2011/12 increased by £1,000).

Better Payment Practice Code

The Primary Care Trust is required to pay its non-NHS and NHS trade payables in accordance with the Confederation of British Industry (CBI) Better Payment Practice Code. The target is to pay non-NHS and NHS trade payables within 30 days of receipt of goods or a valid invoice (whichever is the later) unless other payment terms have been agreed with the supplier.

The Primary Care Trust's performance for the years ended 31 March 2013 and 31 March 2012 is summarised below:

| | 2012/13 Number | 2012/13 £'000 | 2011/12 Number | 2011/12 £'000 |
|---|-------------------|------------------|-------------------|------------------|
| Non NHS payables | | | | |
| Total non-NHS trade invoices paid in the year | 21,695 | 109,271 | 25,827 | 104,187 |
| Total non-NHS trade invoices paid within target | 21,103 | 106,930 | 25,152 | 102,007 |
| Percentage of non-NHS trade invoices paid within target | 97.27% | 97.86% | 97.39% | 97.91% |
| NHS payables | | | | |
| Total NHS trade invoices paid in the year | 4,202 | 584,926 | 4,011 | 536,148 |
| Total NHS trade invoices paid within target | 4,121 | 582,856 | 3,856 | 534,680 |
| Percentage of NHS trade invoices paid within target | 98.07% | 99.65% | 96.14% | 99.73% |

The Primary Care Trust achieved the required 95% target to pay NHS and non-NHS trade payables within 30 days (unless other terms had been agreed).

Running Costs

The Primary Care Trust measures its running costs in accordance with the Department of Health definition for running costs which was issued in 2012/13, and represents some 2.18% of net operating costs (2011/12: 2.38%).

| | 2012/13 | 2011/12 |
|--|----------------|----------------|
| Commissioning Services | | |
| Running costs (£'000s) | 17,014 | 17,984 |
| Weighted population (number in units) | 509,251 | 509,251 |
| Management cost per weighted head of population (£ per head) | 33 | 35 |
| Public Health | | |
| Running costs (£'000s) | 2,320 | 2,444 |
| Weighted population (number in units) | 590,251 | 509,251 |
| Management cost per weighted head of population (£ per head) | 5 | 5 |
| Total Running Costs (£'000's) | 19,334 | 20,428 |
| Total Weighted Population (number in units) | 509,251 | 509,251 |
| Total Running Costs per head of population (£ per head) | 38 | 40 |

Cash Limit

The Primary Care Trust is required not to exceed the cash limit set by the Department of Health, which sets the amount of cash drawings that the Primary Care Trust can make in the financial year. The Primary Care Trust drew cash totalling £908,944,000 (2011/12: £857,616,000) against a cash limit of £908,944,000 (2011/12: £857,616,000) meeting this requirement.

Total Staff Costs

The Primary Care Trust's total staff costs for the years ended 31 March 2013 and 31 March 2012 are summarised in the following table.

| | 2012/13 £'000 | 2011/12 £'000 |
|---|------------------|------------------|
| Salaries and wages | 10,581 | 9,855 |
| Social Security costs | 989 | 902 |
| Employers contribution to NHS Pensions Agency | 1,239 | 1,389 |
| Termination benefits | 1,716 | 66 |
| Total staff costs | 14,525 | 12,212 |

The total staff costs increased between 2012/13 and 2011/12 due to:

- Staff pay awards
- Staff pay increments

Average Number of Persons Employed

The average number of Primary Care Trust staff employed decreased between 2011/12 and 2012/13 as follows:

| | 2012/13 | 2011/12 |
|---|------------------------------|------------------------------|
| | Whole Time Equivalent | Whole Time Equivalent |
| | Number | Number |
| Medical and dental | 5 | 5 |
| Administration and estates | 232 | 245 |
| Healthcare assistants and other support staff | 1 | - |
| Nursing, midwifery and health visiting staff | 13 | 12 |
| Nursing, midwifery and health visiting learners | - | - |
| Scientific, therapeutic and technical staff | 8 | 8 |
| Total | 259 | 270 |

The majority of employees are members of the NHS defined benefit pension scheme. Details of the scheme and its accounting treatment may be found within the accounting policies disclosed in the full audited annual accounts.

The average number of persons employed decreased between 2011/12 and 2012/13.

Staff Sickness Absence

| | 2012/13 | 2011/12 |
|---------------------------|----------------|----------------|
| | Number | Number |
| Total days lost | 3,292 | 18,602 |
| Total staff years | 512 | 2,035 |
| Average working days lost | 6.4 | 9.14 |

Staff sickness values are based on the calendar year 1 January 2012 to 31 December 2012.

The above table is based on figures provided by the Department of Health.

Accounting Policies

Full details of the accounting policies used to prepare the accounts and summary financial statements can be found within Note 1 of the Primary Care Trust's audited accounts.

Board and Executive Committee Members

Full details of the remuneration paid to Board and Executive Committee members and senior employees, which are included within the above management costs, are provided, together with their pension entitlements and declarations of interest.

External Audit

Grant Thornton UK LLP is the appointed external auditor for the Primary Care Trust. The total fee paid to Grant Thornton UK LLP in 2012/13 was £168,000 (2011/12: £216,000), to cover the cost of the statutory audit and associated services.

Governance Statement

The Chief Executive, as Accountable Officer, publishes an Annual Governance Statement, confirming the systems for managing risk within the Primary Care Trust. This statement is supported by the Head of Internal Audit who provides an opinion on the overall arrangement for gaining assurance through the Assurance Framework and on the effectiveness of the controls in place to mitigate risks.

A copy of the full Governance Statement is available on request or can be viewed on the Trust's website at:

www.somerset.nhs.uk

Explanation of Key Financial Terms

| Term | Definition |
|-------------------------------|---|
| Borrowings | Interest and other costs incurred in the borrowing of funds |
| Capital expenditure | The money spent on buying property, plant and equipment and intangible non-current assets, or adding to the value of existing non-current assets |
| Cash | Cash in hand and demand deposits |
| Cash equivalents | Short term, highly liquid investments that are readily convertible to known amounts of cash |
| Statement of cash flows | A summary of the cash paid and received by the Trust during the financial year |
| Current asset | An asset that is expected to be used or sold within an entity's operating cycle or within one year |
| Current liabilities | People/organisations to whom monies are owed by the Primary Care Trust that are expected to be paid within one year or within an operating cycle |
| Depreciation | A charge to the Statement of Comprehensive Net Expenditure to reflect the cost of using property, plant and equipment and intangible non-current assets. It represents an allocation of the cost of such assets to the financial years in which they are used by the Primary Care Trust |
| Employee benefits | All forms of consideration given in exchange for services rendered by employees |
| Gains | Increases in economic benefits |
| General fund | Represents tax payer's interest in the Primary Care Trust. |
| Impairment | The loss in value of an asset arising from a specific event or valuation (this contrasts with depreciation, which recognises the reduction in value of an asset due to the passage of time or its use) |
| Intangible non-current asset | Assets that have no physical form, which provide benefit to the Primary Care Trust over a number of years. In the case of the Primary Care Trust they comprise licences for IT software |
| Inventories | Raw materials, work in progress and goods ready for sale |
| Property, plant and equipment | Assets that have physical form, which provide benefit to the Primary Care Trust over a number of years. They include land, buildings, vehicles, equipment, IT hardware and furniture and fittings |

| | |
|--|---|
| Provision | A liability of uncertain timing or amount |
| Revaluation reserve | Certain property, plant and equipment non-current assets are recorded in the statement of financial position at a valuation (rather than original cost) to reflect the fact that their value can change over time. The revaluation reserve records the amount that has been recognised over time as net additional value for these assets |
| Revenue | The total income received for providing a product or service |
| Statement of comprehensive net expenditure | A summary of the costs incurred by the Primary Care Trust during a financial year, net of miscellaneous revenue |
| Statement of financial position | Summarises the financial position of the Primary Care Trust at a point in time in terms of the value of what it owns and what is owed to the Primary Care Trust (assets) and how much it owes others (liabilities). It also shows the sources of finance used to fund the net of the assets and liabilities |
| Trade and other receivables | People and organisations who owe monies to the Primary Care Trust |
| Trade and other payables | People and organisations who are owed monies by the Primary Care Trust |

REMUNERATION REPORT

This section of the report contains details of remuneration and pension entitlements for senior managers of the Trust in line with Section 234B and Schedule 7A of the Companies Act.

Senior managers are defined as those persons in senior positions having authority or responsibility for directing and controlling the major activities of the Trust. For Somerset Primary Care Trust this includes all members of the Trust Board and Professional Executive Committee, together with other Executive Directors.

The table below details the remuneration levels for all senior managers in the Trust.

Salary Entitlements of Senior Managers

| | | Total 2012/13 | | | | Total 2011/12 | | | |
|-------------------|--|-------------------|--------------------|-------------------|------------------|-------------------|--------------------|-----------------|------------------|
| | | Salary | Other Remuneration | Bonus Payments | Benefits in Kind | Salary | Other Remuneration | Bonus Payments | Benefits in Kind |
| Name | Title | (bands of £5,000) | (bands of £5,000) | (bands of £5,000) | (bands of £100) | (bands of £5,000) | (bands of £5,000) | (bands of £100) | (bands of £100) |
| Barrie, Jane, OBE | Chair | £'000 | £'000 | £'000 | £'00 | £'000 | £'000 | £'00 | £'00 |
| Bloomfield, John | Non-Executive | 35-40 | | | 18-19 | 35-40 | | | 23-24 |
| Evans, Lou | Non-Executive and Chair of Audit Committee | 5-10 | | | 2-3 | 5-10 | | | 1-2 |
| Govier, Andrew | Non-Executive | 10-15 | | | 2-3 | 10-15 | | | 1-2 |
| Jackson, Paul | Non-Executive and Vice Chair | 5-10 | | | 2-3 | 5-10 | | | 2-3 |
| | | 5-10 | | | 1-2 | 5-10 | | | 0-1 |

| | Name | Title | Total 2012/13 | | | | Total 2011/12 | | | |
|--|------------------|---|--------------------------------|---|---|---|--------------------------------|---|---|---|
| | | | Salary (bands of £5,000) | Other Remuneration (bands of £5,000) | Bonus Payments (bands of £5,000) | Benefits in Kind (bands of £100) | Salary (bands of £5,000) | Other Remuneration (bands of £5,000) | Bonus Payments (bands of £5,000) | Benefits in Kind (bands of £100) |
| | | | £'000 | £'000 | £'000 | £'00 | £'000 | £'000 | £'00 | |
| | Tipney, Ian | Chief Executive | 150-155 | | 5-10 | 37-38 | 150-155 | | 42-43 | |
| | Appleby, Mark | Director of Human Resources (seconded to Yeovil District Hospital NHS Foundation Trust from 1 November 2012) | 90-95 | | 0-5 | 27-28 | 80-85 | | 30-31 | |
| | Gamlin, Caroline | Director of Public Health, Somerset PCT Cluster | 135-140 | | | | 135-140 | | - | |
| | Goodwin, Paul | Director of Finance and Performance and Interim Director of Commissioning | 100-105 | | 0-5 | 30-31 | 100-105 | | 38-39 | |
| | Hull, Janet | Deputy Chief Executive and Director of Strategic Development | 125-130 | | 5-10 | 44-45 | 115-120 | | 21-22 | |
| | Lee, Marilyn | Acting Director of Corporate Services (from 1 November 2012) | 40-45 | | | | - | | | |
| | Grant, Trudi | Acting Director of Public Health (from 1 December 2012) | 30-35 | | | | - | | | |
| | Monnington, Mary | Interim Director of Delivery (seconded to Wiltshire and BaNES Cluster PCT from 1 July 2011) | - | | | | 30-35 | | 13-14 | |

| Name | Title | Total 2012/13 | | | | Total 2011/12 | | | |
|-----------------|--|--------------------------------|---|---|---|--------------------------------|---|---|---|
| | | Salary (bands of £5,000) | Other Remuneration (bands of £5,000) | Bonus Payments (bands of £5,000) | Benefits in Kind (bands of £100) | Salary (bands of £5,000) | Other Remuneration (bands of £5,000) | Bonus Payments (bands of £5,000) | Benefits in Kind (bands of £100) |
| | | £'000 | £'000 | £'000 | £'00 | £'000 | £'000 | £'000 | £'00 |
| Slack, David | Managing Director Designate, Somerset Clinical Commissioning Group | 105-110 | | 0-5 | | 90-95 | | | |
| Watson, Lucy | Director of Nursing and Patient Safety | 90-95 | | 0-5 | | 85-90 | | | |
| Hynes, Donal | Chair of Professional Executive Committee | 35-40 | | | | 35-40 | | | |
| Nation, Carolyn | Professional Executive Committee member | 5-10 | | | | 5-10 | | | |
| Sampson, Harvey | Professional Executive Committee member | 5-10 | | | | 5-10 | | | |
| Sharp, Geoff | Professional Executive Committee member | 15-20 | | | | 15-20 | | | |

The next table details the pension entitlements for each of the senior managers who received pensionable remuneration. There are no entries in respect of Non-Executive Directors as they do not receive pensionable remuneration.

Pensions Entitlement of Senior Managers

| Name | Title | Real increase in pension at age 60 | Lump sum at age 60 related to real increase in pension | Total accrued pension at age 60 | Lump sum at age 60 related to accrued pension | Cash equivalent transfer value at 31 March 2013 | Cash equivalent transfer value at 31 March 2012 | Real increase/decrease in cash equivalent transfer value | Employers' contribution to pension stakeholder |
|------------------|--|------------------------------------|--|---------------------------------|---|---|---|--|--|
| | | (bands of £2,500) £'000 | (bands of £2,500) £'000 | (bands of £5,000) £'000 | (bands of £5,000) £'000 | £'000 | £'000 | £'000 | £'000 |
| Tipney, Ian | Chief Executive | 0-(2.5) | (2.5)-(5) | 60-65 | 190-195 | 1,343 | 1,266 | 11 | - |
| Appleby, Mark | Director of Human Resources (seconded to Yeovil District Hospital NHS Foundation Trust from 1 November 2012) | 0-2.5 | 2.5-5 | 10-15 | 30-35 | 198 | 158 | 32 | - |
| Gamlin, Caroline | Director of Public Health, Somerset PCT Cluster | 0-(2.5) | 0-(2.5) | 35-40 | 105-110 | 707 | 658 | 14 | - |
| Goodwin, Paul | Director of Finance and Performance and Interim Director of Commissioning | 0-(2.5) | 0-(2.5) | 30-35 | 100-105 | 588 | 551 | 9 | - |
| Hull, Janet | Deputy Chief Executive and Director of Strategic Development | 2.5-5 | 7.5-10 | 30-35 | 100-105 | 782 | 654 | 94 | - |
| Slack, David | Managing Director Designate, Somerset Clinical Commissioning Group | 0-2.5 | 5-7.5 | 25-30 | 85-90 | 526 | 445 | 58 | - |

| | | | | | | | | | |
|--------------|---|-------|---------|-------|---------|-----|-----|-----|---|
| Watson, Lucy | Director of Nursing and Patient Safety | 0-2.5 | 0-2.5 | 20-25 | 70-75 | 527 | 473 | 30 | - |
| Lee, Marilyn | Interim Director of Corporate Services (from 1 November 2012) | 2.5-5 | 12.5-15 | 35-40 | 105-110 | n/a | n/a | n/a | - |
| Grant, Trudi | Interim Director of Public Health (from 1 December 2012) | 0-2.5 | 2.5-5 | 20-25 | 60-65 | 309 | 267 | 28 | - |

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 NHS Somerset in the financial year 2012/13 was £150,000 to £155,000 (2011/12 £150,000 to £155,000). This was five (2011/12 five) times the median banded remuneration of the workforce, which was £30,000 to £35,000 (2011/12 £30,000 to £35,000).

In 2012/13 (2011/12 nil) no employees received remuneration in excess of the highest paid director. The banded remuneration ranged from banding of £10,000 to £15,000 to banding of £135,000 to £140,000.

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.

There were fourteen exit packages with a total cost of £1,716,000 agreed during the year. This includes exit packages (classified in bands of £5,000) for the Chief Executive, Interim Director of Corporate Services and Interim Director of Delivery of £300,000 to £305,000, £210,000 to £215,000 and £200,000 to £205,000 respectively.

The remuneration report has been audited by Grant Thornton UK LLP, Somerset Primary Care Trust's external auditors.

Explanation of Key Terms used in Remuneration Report

| Term | Definition |
|--|---|
| Benefits in kind | Items of an individual's remuneration package outside of salary and payments for specific services. In the case of the Primary Care Trust they represent the provision of lease cars to certain executive directors and payments to Non-Executive Directors of the Board and Professional Executive Committee for mileage expenses that are subject to income tax. |
| Cash equivalent transfer value | The cash amount that would be paid to another pension scheme if a pension scheme member left and transferred the pension benefit they had earned to the other scheme. The amount is calculated by the actuaries of the pension scheme and includes all amounts earned since the individual became a member of the pension scheme (not just the period since they became a senior manager of the Primary Care Trust) |
| Employer's contribution to stakeholder pension | The amount that the Primary Care Trust has contributed to individual's stakeholder pension schemes. |
| Lump sum at age 60 related to real increase in pension | The amount by which the lump sum to which an individual will be entitled on retirement has increased during the year |
| Lump sum at age 60 related to accrued pension at 31 March 2013 | The amount of lump sum pension to which an individual will be entitled on retirement at the age of 60 as a result of their membership of the pension scheme to 31 March 2013 |
| Real increase in cash equivalent transfer value | The increase in cash equivalent transfer value from the end of 2011/12 to 2012/13, after taking account of a notional rate of inflation. The notional rate used in the calculation is 5.2% pa |
| Real increase in pensions at age 60 | The amount by which the pension to which an individual will be entitled at the age of 60 has increased during the year. |

| | |
|--|--|
| | |
| Total accrued pension at age 60 at 31 March 2013 | The amount of annual pension to which an individual will be entitled on retirement at the age of 60 as a result of their membership of the pension scheme to 31 March 2013 |

Remuneration of the Chief Executive and Directors

The remuneration of the Chief Executive and Directors within the Trust is the responsibility of the Remuneration and Terms of Service Committee. The committee comprises all Non-Executive Directors and is chaired by the Trust's Chair.

The Trust's policy on remuneration of the Chief Executive and Directors was reviewed on an annual basis. This review included consideration of current pay composition and a remit to recommend remedial action to prevent serious imbalance occurring within and across functions.

The committee implemented the national pay award for 'Very Senior Managers' for the 2012/13 financial year, which may include an inflationary uplift and a bonus paid under the performance related pay scheme. Eligibility for the pay award is dependent on:

- Somerset Primary Care Trust remaining within its financial framework
- individual performance during the past financial year, which was determined by the Chair for the Chief Executive, and by the Chief Executive for Directors

The pay award is based upon four levels of performance assessment. These are as follows:

| Performance Summary | Award |
|----------------------|--|
| Outstanding | 1.5% annual uplift consolidated into salary; plus a non-consolidated bonus based on 7% of salary |
| Exceeds expectations | 1.5% annual uplift consolidated into salary; plus a non-consolidated bonus based on 3% of salary |
| Satisfactory | 1.5% annual uplift consolidated into salary; no bonus paid |
| Not satisfactory | No uplift or bonus paid |

All pay awards for Very Senior Managers are authorised for payment by the South West Strategic Health Authority.

Related Party Transactions

Chairman Jane Barrie is Patron of St Margaret's Hospice, Taunton, which currently provides services for the Primary Care Trust. She is also a Board Member for the NHS Confederation Primary Care Trust Network and President of Care Focus Somerset. In the period to 31 March 2013, the Primary Care Trust paid £2,511,000 (2011/12: £3,432,000), £13,000 (2011/12: £16,000) and £94,000 (2011/12: £1,000) for services to these organisations respectively.

The son of the Chief Executive, Ian Tipney, is employed by Dorset Healthcare NHS Foundation Trust. In the period to 31 March 2013, the Primary Care Trust paid £254,000 (2011/12: £281,000) for services to this organisation.

The wife of Non-Executive Director, Lou Evans, is employed as an Occupational Therapist by Somerset Partnership NHS Foundation Trust which currently provides services for the Primary Care Trust. In the period to 31 March 2013, the Primary Care Trust paid £135,304,000 (2011/12: £130,815,000) for services to this organisation.

Executive Director Dr Caroline Gamlin is a Governor of Yeovil District Hospital NHS Foundation Trust which currently provides services for the Primary Care Trust. She is also Director of Public Health for Somerset County Council. In the period to 31 March 2013, the Primary Care Trust paid £84,502,000 (2011/12: £81,341,000) and £41,530,000 (2011/12: £44,393,000) for services to these organisations respectively.

The daughter of Non-Executive Director, John Bloomfield, is employed within the Human Resources Department of Yeovil District Hospital NHS Foundation Trust, and his son-in-law is a solicitor for Beachcroft LLP. In the period to 31 March 2013, the Primary Care Trust paid £84,502,000 (2011/12: £81,341,000) and £4,000 (2011/12: £8,000) for services to these organisations respectively.

Non-Executive Director Andrew Govier is a Member of Taunton Deane Borough Council and Somerset County Council. In the period to 31 March 2013, the Primary Care Trust paid £51,000 (2011/12: £61,000) and £41,530,000 (2011/12: £44,393,000) respectively for services to these organisations.

Executive Director Jan Hull is a Governor of Taunton and Somerset NHS Foundation Trust. In the period to 31 March 2013, the Primary Care Trust paid £195,967,000 (2011/12: £198,552,000) for services to this organisation.

Chairman of the Professional Executive Committee Dr Donal Hynes is a GP at Redgate Medical Centre, Bridgwater and Vice Chair and National Orthopaedics Lead for the NHS Alliance. In the period to 31 March 2013, the Primary Care Trust paid

£1,486,000 (2011/12: £1,507,000) and £1,000 (2011/12: £1,000) to these organisations respectively.

Policy on Contracts

The policy in respect of Senior Managers includes the appointment under full time contracts under NHS terms and conditions, including standard notice periods and termination payments. Changes to this policy, such as the appointment of acting officers during the year where the officers are working across organisations and are reimbursed by the original organisation, are agreed with the Terms and Conditions Remuneration Committee.

Compensation and Terms of Office

Details of the contracts for senior managers identified within the Annual Report are based on the framework for Very Senior Managers set out by the Department of Health. The standard notice period for senior managers is three months.

These senior managers are entitled to standard NHS compensation for early termination of contracts as detailed in the Agenda for Change NHS Terms and Conditions Handbook found under the NHS Employers website www.nhsemployers.org.

Signed:



Anthony Farnsworth
Director
(Bristol, North Somerset, Somerset and South Gloucestershire)
NHS England

Date: 22nd May 2013

INDEPENDENT AUDITOR'S REPORT TO THE ACCOUNTABLE OFFICER OF SOMERSET PRIMARY CARE TRUST

We have examined the summary financial statement for the year ended 31 March 2013 which comprises of:

Statement of Comprehensive Net Expenditure
Statement of Financial Position
Statement of Changes in Taxpayers Equity
Cashflow Statement
Disclosure notes on Revenue Resource Limit, Capital Resource Limit, Better Payment
Practice Policy, Running Costs and Staff Costs
These are as set out on pages 20 to 30 of the Annual Report

This report is made solely to the accountable officer of Somerset 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 Trust's accountable officer and the Trust as a body, for our audit work, for this report, or for opinions we have formed.

Respective responsibilities of accountable officer and auditor

The accountable officer is responsible for preparing the Annual Report.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual Report with the statutory financial statements.

We also read the other information contained in the Annual Report and consider the implications for our report if we become aware of any misstatements or material inconsistencies with the summary financial statement.

We conducted our work in accordance with Bulletin 2008/03 "The auditor's statement on the summary financial statement in the United Kingdom" issued by the Auditing Practices Board. Our report on the statutory financial statements describes the basis of our opinion on those financial statements.

Opinion

In our opinion the summary financial statement is consistent with the statutory financial statements of the Somerset Primary Care Trust for the year ended 31 March 2013



Grant Thornton UK LLP
Hartwell House
51-61 Victoria Street
Bristol
BS1 6FT

29th May 2013



Department
of Health



Somerset Primary Care Trust

2012-13 Accounts

You may re-use the text of this document (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit www.nationalarchives.gov.uk/doc/open-government-licence/

© Crown copyright

Published to gov.uk, in PDF format only.

www.gov.uk/dh

Somerset Primary Care Trust

2012-13 Accounts

**SOMERSET PRIMARY CARE TRUST
FINANCIAL ACCOUNTS FOR THE PERIOD
1 APRIL 2012 TO 31 MARCH 2013**

June 2013

SOMERSET PRIMARY CARE TRUST
FINANCIAL ACCOUNTS FOR THE PERIOD
1 APRIL 2012 TO 31 MARCH 2013

(A) THE ANNUAL ACCOUNTS 1 APRIL 2012 TO 31 MARCH 2013

| | PAGE |
|---|-------------|
| Foreword to the Accounts..... | 1 |
| Statement of Comprehensive Net Expenditure..... | 2 |
| Statement of Financial Position..... | 3 |
| Statement of Changes in Taxpayers' Equity..... | 4 |
| Statement of Cash Flows..... | 5 |

NOTES TO THE ACCOUNTS:

| | | |
|-----|--|----|
| 1 | Accounting Policies..... | 6 |
| 2 | Operating Segments..... | 16 |
| 3.1 | Revenue Resource Limit..... | 17 |
| 3.2 | Capital Resource Limit | 17 |
| 3.3 | Provider Full Cost Recovery Duty..... | 17 |
| 3.4 | Under/(Over)spend against cash limit..... | 17 |
| 3.5 | Reconciliation of Cash Drawings to Parliamentary Funding (current year)..... | 17 |
| 4 | Miscellaneous Revenue..... | 18 |
| 5 | Operating Costs and Running Costs..... | 19 |
| 6 | Operating Leases..... | 21 |
| 7 | Employee Benefits and Staff Numbers..... | 22 |
| 8 | Better Payment Practice Code..... | 25 |
| 9 | Investment Revenue..... | 26 |
| 10 | Other Gains and Losses..... | 26 |
| 11 | Finance Costs..... | 26 |
| 12 | Property, Plant and Equipment..... | 27 |
| 13 | Intangible Non-Current Assets..... | 30 |
| 14 | Analysis of Impairments and reversals recognised in 2012-13..... | 33 |
| 15 | Investment Property | 35 |
| 16 | Commitments..... | 35 |
| 17 | Intra-Government and Other Balances..... | 35 |
| 18 | Inventories..... | 36 |
| 19 | Trade and Other Receivables..... | 36 |
| 20 | NHS LIFT Investments | 37 |
| 21 | Other Financial Assets..... | 37 |
| 22 | Other Current Assets..... | 37 |

| | | |
|----|---|----|
| 23 | Cash and Cash Equivalents..... | 37 |
| 24 | Non-Current Assets Held For Sale..... | 38 |
| 25 | Trade and Other Payables..... | 39 |
| 26 | Other Liabilities..... | 39 |
| 27 | Borrowings..... | 39 |
| 28 | Other Financial Liabilities..... | 40 |
| 29 | Deferred Income..... | 40 |
| 30 | Finance Lease Obligations..... | 40 |
| 31 | Finance Lease Receivables as Lessor..... | 41 |
| 32 | Provisions..... | 42 |
| 33 | Contingencies..... | 42 |
| 34 | PFI and LIFT – additional information..... | 43 |
| 35 | Impact of IFRS Treatment – 2012-13..... | 43 |
| 36 | Financial Instruments..... | 44 |
| 37 | Related Party Transactions..... | 45 |
| 38 | Losses and Special Payments..... | 49 |
| 39 | Third Party Assets..... | 50 |
| 40 | Pooled Budgets..... | 50 |
| 41 | Cashflows relating to Exceptional Items..... | 51 |
| 42 | Events after the end of the reporting period..... | 51 |

APPENDICES:

| | | |
|---|--|----|
| 1 | Statement of the Responsibilities of the Signing Officer of the Primary Care Trust..... | 52 |
| 2 | Statement of Responsibilities in Respect of the Accounts..... | 53 |
| 3 | Governance Statement for the period ending 31 March 2013..... | 54 |
| 4 | Head of Internal Audit opinion of the effectiveness of the systems of internal control at Somerset Primary Care Trust for the period ending 31 March 2013..... | 68 |
| 5 | Independent Auditor's Report..... | 70 |

FOREWORD TO THE ACCOUNTS

SOMERSET PRIMARY CARE TRUST

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

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

| | NOTE | 2012-13 £000 | 2011-12 £000 |
|--|------|-----------------|-----------------|
| Administration Costs and Programme Expenditure | | | |
| Gross employee benefits | 7.1 | 14,525 | 12,212 |
| Other costs | 5.1 | 903,847 | 874,328 |
| Revenue | 4 | (30,368) | (28,176) |
| Net operating costs before interest | | 888,004 | 858,364 |
| Investment revenue | 9 | 0 | 0 |
| Other (gains)/losses | 10 | 3 | 0 |
| Finance costs | 11 | 752 | 652 |
| Net operating costs for the financial year | | 888,759 | 859,016 |
| Transfers by absorption -(gains) | | 0 | |
| Transfers by absorption - losses | | 0 | |
| Net (gain)/loss on transfers by absorption | | 0 | |
| Net Operating Costs for the Financial Year including absorption transfers | | 888,759 | 859,016 |
| Of which: | | | |
| Administration Costs | | | |
| Gross employee benefits | 7.1 | 12,809 | 12,146 |
| Other costs | 5.1 | 8,827 | 10,368 |
| Revenue | 4 | (2,302) | (2,152) |
| Net administration costs before interest | | 19,334 | 20,362 |
| Investment revenue | 9 | 0 | 0 |
| Other (gains)/losses | 10 | 0 | 0 |
| Finance costs | 11 | 0 | 66 |
| Net administration costs for the financial year | | 19,334 | 20,428 |
| Programme Expenditure | | | |
| Gross employee benefits | 7.1 | 1,716 | 66 |
| Other costs | 5.1 | 895,020 | 863,960 |
| Revenue | 4 | (28,066) | (26,024) |
| Net programme expenditure before interest | | 868,670 | 838,002 |
| Investment revenue | 9 | 0 | 0 |
| Other (gains)/losses | 10 | 3 | 0 |
| Finance costs | 11 | 752 | 586 |
| Net programme expenditure for the financial year | | 869,425 | 838,588 |
| Other Comprehensive Net Expenditure | | | |
| | | 2012-13 £000 | 2011-12 £000 |
| Impairments and reversals put to the Revaluation Reserve | | 1,426 | 0 |
| Net (gain) on revaluation of property, plant & equipment | | (2,118) | 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 | | 55 | 0 |
| Release of Reserves to Statement of Comprehensive Net Expenditure | | 47 | 0 |
| Net actuarial (gain)/loss on pension schemes | | 0 | 0 |
| Reclassification Adjustments | | | |
| Reclassification adjustment on disposal of available for sale financial assets | | 0 | 0 |
| Total comprehensive net expenditure for the year | | 888,169 | 859,016 |

The notes on pages 6 to 51 form part of this account.

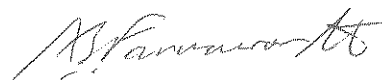
Statement of Financial Position at 31 March 2013

| | | 31 March 2013 | 31 March 2012 |
|--|-------|-----------------|-----------------|
| | NOTE | £000 | £000 |
| Non-current assets: | | | |
| Property, plant and equipment | 12 | 102,988 | 95,955 |
| Intangible assets | 13 | 202 | 108 |
| Investment property | 15 | 0 | 0 |
| Other financial assets | 21 | 0 | 0 |
| Trade and other receivables | 19 | 0 | 0 |
| Total non-current assets | | 103,190 | 96,063 |
| Current assets: | | | |
| Inventories | 18 | 8 | 9 |
| Trade and other receivables | 19 | 5,263 | 7,541 |
| Other financial assets | 36 | 0 | 0 |
| Other current assets | 22 | 0 | 0 |
| Cash and cash equivalents | 23 | 32 | 18 |
| Total current assets | | 5,303 | 7,568 |
| Non-current assets held for sale | 24 | 2,450 | 1,300 |
| Total current assets | | 7,753 | 8,868 |
| Total assets | | 110,943 | 104,931 |
| Current liabilities | | | |
| Trade and other payables | 25 | (37,773) | (52,270) |
| Other liabilities | 26,28 | 0 | 0 |
| Provisions | 32 | (3,614) | (3,399) |
| Borrowings | 27 | (195) | (184) |
| Other financial liabilities | 36.2 | 0 | 0 |
| Total current liabilities | | (41,582) | (55,853) |
| Non-current assets plus/less net current assets/liabilities | | 69,361 | 49,078 |
| Non-current liabilities | | | |
| Trade and other payables | 25 | 0 | 0 |
| Other Liabilities | 28 | 0 | 0 |
| Provisions | 32 | (2,426) | (2,723) |
| Borrowings | 27 | (6,315) | (6,510) |
| Other financial liabilities | 36.2 | 0 | 0 |
| Total non-current liabilities | | (8,741) | (9,233) |
| Total Assets Employed: | | 60,620 | 39,845 |
| Financed by taxpayers' equity: | | | |
| General fund | | 54,220 | 34,035 |
| Revaluation reserve | | 6,400 | 5,810 |
| Other reserves | | 0 | 0 |
| Total taxpayers' equity: | | 60,620 | 39,845 |

The notes on pages 6 to 51 form part of this account.

The financial statements on pages 2 to 5 were approved and signed by the Accountable Officer:

Accountable Officer:



Date:

22nd May 2013

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

| | General fund | Revaluation reserve | Other reserves | Total reserves |
|--|------------------|------------------------|-------------------|-------------------|
| | £000 | £000 | £000 | £000 |
| Balance at 1 April 2012 | 34,035 | 5,810 | 0 | 39,845 |
| Changes in taxpayers' equity for 2012-13 | | | | |
| Net operating cost for the year | (888,759) | | | (888,759) |
| Net gain on revaluation of property, plant, equipment | | 2118 | | 2,118 |
| 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 | | (55) | | (55) |
| Impairments and reversals | | (1,426) | | (1,426) |
| Movements in other reserves | | | 0 | 0 |
| Transfers between reserves | 0 | 0 | | 0 |
| Release of Reserves to Statement of Comprehensive Net Expenditure | | (47) | | (47) |
| Reclassification Adjustments | | | | |
| Transfers between Revaluation Reserve & General Fund in respect of assets transferred under absorption | 0 | 0 | | 0 |
| Net actuarial gain/(loss) on pensions | 0 | | 0 | 0 |
| Total recognised revenue and expense for 2012-13 | (888,759) | 590 | 0 | (888,169) |
| Net Parliamentary funding | 908,944 | | | 908,944 |
| Balance at 31 March 2013 | 54,220 | 6,400 | 0 | 60,620 |
| | | | | |
| Balance at 1 April 2011 | 35,285 | 5,960 | 0 | 41,245 |
| Changes in taxpayers' equity for 2011-12 | | | | |
| Net operating cost for the year | (859,016) | | | (859,016) |
| 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 | | 0 | | 0 |
| Movements in other reserves | | | 0 | 0 |
| Transfers between reserves | 150 | (150) | | 0 |
| Release of Reserves to Statement of Comprehensive Net Expenditure | | 0 | | 0 |
| Reclassification Adjustments | | | | |
| Transfers to/(from) Other Bodies within the Resource Account Boundary | 0 | 0 | 0 | 0 |
| On disposal of available for sale financial assets | 0 | 0 | 0 | 0 |
| Net actuarial gain/(loss) on pensions | 0 | | 0 | 0 |
| Total recognised revenue and expense for 2011-12 | (858,866) | (150) | 0 | (859,016) |
| Net Parliamentary funding | 857,616 | | | 857,616 |
| Balance at 31 March 2012 | 34,035 | 5,810 | 0 | 39,845 |

**Statement of Cash Flows for the year ended
31 March 2013**

| | 2012-13 £000 | 2011-12 £000 |
|---|------------------|------------------|
| Cash Flows from Operating Activities | | |
| Net Operating Cost Before Interest | (888,004) | (858,364) |
| Depreciation and Amortisation | 3,419 | 3,864 |
| Impairments and Reversals | 4,357 | 3,643 |
| 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 | (677) | (586) |
| Release of PFI/deferred credit | 0 | 0 |
| (Increase)/Decrease in Inventories | 1 | 38 |
| (Increase)/Decrease in Trade and Other Receivables | 2,278 | (2,237) |
| (Increase)/Decrease in Other Current Assets | 0 | 0 |
| Increase/(Decrease) in Trade and Other Payables | (12,082) | (1,501) |
| (Increase)/Decrease in Other Current Liabilities | 0 | 0 |
| Provisions Utilised | (2,035) | (849) |
| Increase/(Decrease) in Provisions | 1,831 | 1,591 |
| Net Cash Inflow/(Outflow) from Operating Activities | (890,912) | (854,401) |
| Cash flows from investing activities | | |
| Interest Received | 0 | 0 |
| (Payments) for Property, Plant and Equipment | (17,684) | (4,786) |
| (Payments) for Intangible Assets | (150) | (4) |
| (Payments) for Other Financial Assets | 0 | 0 |
| (Payments) for Financial Assets (LIFT) | 0 | 0 |
| Proceeds of disposal of assets held for sale (PPE) | 0 | 1,751 |
| Proceeds of disposal of assets held for sale (Intangible) | 0 | 0 |
| Proceeds from Disposal of Other Financial Assets | 0 | 0 |
| Proceeds from the disposal of Financial Assets (LIFT) | 0 | 0 |
| Loans Made in Respect of LIFT | 0 | 0 |
| Loans Repaid in Respect of LIFT | 0 | 0 |
| Rental Revenue | 0 | 0 |
| Net Cash Inflow/(Outflow) from Investing Activities | (17,834) | (3,039) |
| Net cash inflow/(outflow) before financing | (908,746) | (857,440) |
| Cash flows from financing activities | | |
| Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT | (184) | (177) |
| Net Parliamentary Funding | 908,944 | 857,616 |
| Capital Receipts Surrendered | 0 | 0 |
| Capital grants and other capital receipts | 0 | 0 |
| Cash Transferred (to)/from Other NHS Bodies | 0 | 0 |
| Net Cash Inflow/(Outflow) from Financing Activities | 908,760 | 857,439 |
| Net increase/(decrease) in cash and cash equivalents | 14 | (1) |
| Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period | 18 | 19 |
| Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies | 0 | 0 |
| Cash and Cash Equivalents (and Bank Overdraft) at year end | 32 | 18 |

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. This includes the charitable funds for which Taunton and Somerset NHS Foundation Trust and Yeovil District Hospital NHS Foundation Trust are the corporate trustees of Somerset Primary Care Trust.

1.1 Accounting Conventions

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

Transforming Community Services (TCS) transactions

Under the TCS initiative, services historically provided by Somerset PCT have transferred to Somerset Partnership NHS Foundation Trust. This transaction took place in 2011/12 and was accounted for by the use of merger accounting.

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.

- Valuation assumptions for property, plant and equipment – note 12
- Valuation assumption for intangible non-current assets – note 13
- Impairments recognised during 2012-13 – note 14
- Provisions recognised as at 31 March 2013 – note 32
- Contingencies as at 31 March 2013 – note 33

The Continuing healthcare provisions and contingent liabilities (notes 32 and 33) are based on the PCT's best professional judgement in line with IAS37. This accounting treatment is consistent with previous years and the estimates are based on historical claims and Department of Health guidance.

Going Concern

As a consequence of the Health and Service Care Act 2012, the Somerset PCT was dissolved on 31 March 2013. Its functions will be transferred to various new or existing public sector entities. The Secretary of State has directed that, where parliamentary funding continues to be voted to permit the relevant services to be carried out elsewhere in the public sector, this is normally sufficient evidence of going concern.

As a result the Board of Somerset PCT have prepared these financial statements on a going concern basis.

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 Somerset County Council Local Authority. Under the arrangement funds are pooled under S75 of the NHS Act 2006 for integrated community equipment service, substance misuse and learning disability services activities and a memorandum note to the accounts provides details of the joint income and expenditure.

"The pool is hosted by Somerset 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 budgetary control arrangements and so is recorded as such in the financial statements.

1. Accounting policies (continued)

1.6 Property, Plant & Equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

Valuation

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

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

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

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

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

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

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

Subsequent expenditure

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

1. Accounting policies (continued)

1.7 Intangible Assets

Recognition

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

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

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

Measurement

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

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

1.8 Depreciation, amortisation and impairments

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

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

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

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

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

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

1. Accounting policies (continued)

1.9 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.

This accounting policy change has been applied retrospectively and consequently the 2010-11 results have been restated.

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.

This accounting policy change has been applied retrospectively and consequently the 2010-11 results have been restated.

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 / weighted average] 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.

The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Retirement benefit costs

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

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

None of Somerset PCT's employees are members of the local Government Superannuation scheme, which is a defined benefits pension scheme.

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.

1.20 EU Emissions Trading Scheme

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

1.21 Contingencies

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

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

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

1. Accounting policies (continued)

1.22 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.

Somerset PCT does not hold any finance leases.

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.

Somerset PCT does not have any contingent rentals.

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.

Somerset PCT does not hold any finance 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.

1.23 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.

1.24 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 2.35% (2.8% in respect of early staff departures) in real terms.

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

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

A restructuring provision is recognised when the PCT has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures 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)

1.25 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.

Somerset PCT's only financial asset is cash at hand or in the bank. In line with the 2012/13 Financial Reporting Manual issued by HM Treasury, the fair value of this asset is measured at its carrying value on the statement of Financial Position. Due to their nature and purpose, all of the PCT's financial assets are classified as 'loans and receivables'.

Financial assets at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Net Expenditure. The net gain or loss incorporates any interest earned on the financial asset. In the year ended 31 March 2013, there were no financial assets recognised as embedded derivatives.

Held to maturity investments

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

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. In the year ended 31 March 2013, there were no non-derivative financial assets as available for sale.

Loans and receivables

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

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques. In the year ended 31 March 2013 there were no assets carried at fair value.

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.

Somerset PCT's financial liabilities are classified as other financial liabilities and are equal to the carrying amounts.

Financial liabilities at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Net Expenditure. The net gain or loss incorporates any interest earned on the financial asset. In the year ended 31 March 2013, there were no financial liabilities held at fair value.

1.26 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. In the year ended 31 March 2013, there were no LIFT assets recognised 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 same amount as the fair value of the LIFT assets 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.

1.27 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

The activities of Somerset PCT are currently managed under two operating segments.

In response to the NHS Reform Programme, the Somerset Clinical Commissioning Group (CCG) was formed as a sub-committee of the Somerset PCT Board on 1 June 2011.

A framework for delegation of commissioning functions to the Somerset CCG has now been approved by Somerset PCT for a range of programmes for the population of Somerset.

In 2011-12 the following programmes were devolved to the Somerset CCG:

- GP Prescribing
- Home Oxygen Service
- Community Pharmacy professional fees
- Federation Based Commissioning
- Clinical Consortium administration funding
- Secondary Care contracts with Somerset Partnership NHS Foundation Trust and Royal United Hospital Bath NHS Trust

In 2012-13 the following further programmes were devolved to the Somerset CCG:

- Out of Hours Services
- All further Secondary Care contracts with NHS bodies and independent sector, with the exception of specialist commissioning contracts

The remaining commissioning programmes were the responsibility of Somerset PCT, who commissioned services in primary care, secondary care, voluntary and independent settings within the available resources.

| | Clinical Commissioning Group | | Remaining Commissioning Programmes | | Total | |
|-----------------------------------|------------------------------|----------------|------------------------------------|----------------|----------------|----------------|
| | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Net Operating Costs | <u>699,195</u> | <u>240,674</u> | <u>189,564</u> | <u>618,342</u> | <u>888,759</u> | <u>859,016</u> |
| Surplus/(deficit) before interest | <u>3,245</u> | <u>2,081</u> | <u>4,720</u> | <u>5,884</u> | <u>7,965</u> | <u>7,965</u> |
| Net Assets: | | | | | | |
| Segment net assets (liabilities) | <u>(17,157)</u> | <u>(43)</u> | <u>77,777</u> | <u>39,712</u> | <u>60,620</u> | <u>39,669</u> |

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 | | 859,016 |
| Net operating cost plus (gain)/loss on transfers by absorption | 888,759 | |
| Adjusted for prior period adjustments in respect of errors | 0 | 0 |
| Revenue Resource Limit | <u>896,724</u> | <u>866,981</u> |
| Under/(Over)spend Against Revenue Resource Limit (RRL) | <u>7,965</u> | <u>7,965</u> |

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 | 15,416 | 5,977 |
| Charge to Capital Resource Limit | 15,416 | 5,977 |
| (Over)/Underspend Against CRL | <u>0</u> | <u>0</u> |

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 | <u>0</u> | <u>0</u> |
| Net Provider Operating Costs | <u>0</u> | <u>0</u> |
| Costs/Met Within PCTs Own Allocation | <u>0</u> | <u>0</u> |
| Under/(Over) Recovery of Costs | <u>0</u> | <u>0</u> |

3.4 Under/(Over)spend against cash limit

| | 2012-13 £000 | 2011-12 £000 |
|---|-----------------|-----------------|
| Total Charge to Cash Limit | 908,944 | 857,616 |
| Cash Limit | <u>908,944</u> | <u>857,616</u> |
| Under/(Over)spend Against Cash Limit | <u>0</u> | <u>0</u> |

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

| | 2012-13 £000 |
|---|-----------------------|
| Total cash received from DH (Gross) | 808,450 |
| Less: Trade Revenue from DH | (137) |
| Less/(Plus): movement in DH working balances | <u>0</u> |
| Sub total: net advances | <u>808,313</u> |
| (Less)/plus: transfers (to)/from other resource account bodies | 0 |
| Plus: cost of Dentistry Schemes (central charge to cash limits) | 19,927 |
| Plus: drugs reimbursement (central charge to cash limits) | <u>80,704</u> |
| Parliamentary funding credited to General Fund | <u>908,944</u> |

4 Miscellaneous Revenue

| | 2012-13 Total £000 | 2012-13 Admin £000 | 2012-13 Programme £000 | 2011-12 Total £000 |
|---|--------------------------|--------------------------|------------------------------|--------------------------|
| Fees and Charges | 0 | 0 | 0 | 0 |
| Dental Charge revenue from Contractor-Led GDS & PDS | 8,345 | 0 | 8,345 | 8,321 |
| Dental Charge revenue from Trust-Led GDS & PDS | 0 | 0 | 0 | 0 |
| Prescription Charge revenue | 4,725 | 0 | 4,725 | 4,498 |
| Strategic Health Authorities | 4,286 | 155 | 4,131 | 4,266 |
| NHS Trusts | 643 | 10 | 633 | 680 |
| NHS Foundation Trusts | 1,655 | 593 | 1,062 | 1,469 |
| Primary Care Trusts Contributions to DATs | 0 | 0 | 0 | 0 |
| Primary Care Trusts - Other | 596 | 366 | 230 | 448 |
| Primary Care Trusts - Lead Commissioning | 1,927 | 0 | 1,927 | 23 |
| English RAB Special Health Authorities | 41 | 41 | 0 | 9 |
| NDPBs and Others (CGA) | 0 | 0 | 0 | 0 |
| Department of Health - SMPTB | 0 | 0 | 0 | 0 |
| Department of Health - Other | 0 | 0 | 0 | 0 |
| Recoveries in respect of employee benefits | 246 | 246 | 0 | 245 |
| Local Authorities | 2,255 | 14 | 2,241 | 648 |
| 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 | 0 |
| NHS Injury Costs Recovery | 0 | 0 | 0 | 0 |
| Other Non-NHS Patient Care Services | 0 | 0 | 0 | 0 |
| Charitable and Other Contributions to Expenditure | 0 | 0 | 0 | 0 |
| Receipt of donated assets | 0 | 0 | 0 | 0 |
| Receipt of Government granted assets | 0 | 0 | 0 | 0 |
| Rental revenue from finance leases | 0 | 0 | 0 | 0 |
| Rental revenue from operating leases | 4,294 | 0 | 4,294 | 5,320 |
| Other revenue | 1,355 | 877 | 478 | 2,249 |
| Total Miscellaneous Revenue | 30,368 | 2,302 | 28,066 | 28,176 |

5. Operating Costs

5.1 Analysis of operating costs:

| | 2012-13 Total £000 | 2012-13 Admin £000 | 2012-13 Programme £000 | 2011-12 Total £000 |
|--|--------------------------|-------------------------------|------------------------------|--------------------------|
| Goods and Services from Other PCTs | | | | |
| Healthcare | 55,949 | 0 | 55,949 | 43,494 |
| Non-Healthcare | 682 | 682 | 0 | 626 |
| Total | 56,631 | 682 | 55,949 | 44,120 |
| Goods and Services from Other NHS Bodies other than FTs | | | | |
| Goods and services from NHS Trusts | 49,861 | 0 | 49,861 | 47,495 |
| Goods and services (other, excl Trusts, FT and PCT)) | 447 | 0 | 447 | 428 |
| Total | 50,308 | 0 | 50,308 | 47,923 |
| Goods and Services from Foundation Trusts | 465,613 | 900 | 464,713 | 457,285 |
| Purchase of Healthcare from Non-NHS bodies | 96,752 | 0 | 96,752 | 86,919 |
| Social Care from Independent Providers | 0 | 0 | 0 | 0 |
| Expenditure on Drugs Action Teams | 4,460 | 0 | 4,460 | 4,313 |
| Non-GMS Services from GPs | 0 | 0 | 0 | 0 |
| Contractor Led GDS & PDS (excluding employee benefits) | 29,203 | 0 | 29,203 | 28,779 |
| Salaried Trust-Led PDS & PCT DS (excluding employee benefits) | 34 | 0 | 34 | 42 |
| Chair, Non-executive Directors & PEC Remuneration | 82 | 82 | 0 | 99 |
| Executive Committee Members Costs | 66 | 66 | 0 | 74 |
| Consultancy Services | 890 | 883 | 7 | 1,089 |
| Prescribing Costs | 73,209 | 0 | 73,209 | 74,816 |
| G/PMS, APMS and PCTMS (excluding employee benefits) | 82,084 | 15 | 82,069 | 81,103 |
| Pharmaceutical Services | 1,489 | 0 | 1,489 | 1,483 |
| Local Pharmaceutical Services Pilots | 0 | 0 | 0 | 0 |
| New Pharmacy Contract | 18,226 | 0 | 18,226 | 18,159 |
| General Ophthalmic Services | 4,677 | 0 | 4,677 | 4,660 |
| Supplies and Services - Clinical | 22 | 0 | 22 | 153 |
| Supplies and Services - General | 255 | 247 | 8 | 264 |
| Establishment | 1,950 | 1,536 | 414 | 1,485 |
| Transport | 0 | 0 | 0 | 0 |
| Premises | 3,414 | 3,091 | 323 | 2,985 |
| Impairments & Reversals of Property, Plant and Equipment | 3,901 | 0 | 3,901 | 3,643 |
| Impairments and Reversals of Non-Current Assets Held for Sale | 445 | 0 | 445 | 0 |
| Depreciation | 3,374 | 475 | 2,899 | 3,814 |
| Amortisation | 45 | 45 | 0 | 50 |
| Impairment & Reversals Intangible non-current assets | 11 | 0 | 11 | 0 |
| Impairment and Reversals of Financial Assets | 0 | 0 | 0 | 0 |
| Impairment of Receivables | 145 | 145 | 0 | 22 |
| Inventory write offs | 0 | 0 | 0 | 0 |
| Research and Development Expenditure | 0 | 0 | 0 | 0 |
| Audit Fees | 168 | 168 | 0 | 216 |
| Other Auditors Remuneration | 7 | 7 | 0 | 45 |
| Clinical Negligence Costs | 0 | 0 | 0 | 0 |
| Education and Training | 254 | 99 | 155 | 172 |
| Grants for capital purposes | 584 | 0 | 584 | 4,800 |
| Grants for revenue purposes | 414 | 0 | 414 | 64 |
| Impairments and reversals for investment properties | 0 | 0 | 0 | 0 |
| Other | 5,134 | 386 | 4,748 | 5,751 |
| Total Operating costs charged to Statement of Comprehensive Net Expenditure | 903,847 | 8,827 | 895,020 | 874,328 |
| Employee Benefits (excluding capitalised costs) | | | | |
| Employee Benefits associated with PCTMS | 0 | 0 | 0 | 0 |
| Trust led PDS and PCT DS | 0 | 0 | 0 | 0 |
| PCT Officer Board Members | 1,916 | 1,141 | 775 | 1,144 |
| Other Employee Benefits | 12,609 | 11,668 | 941 | 11,068 |
| Total Employee Benefits charged to SOCNE | 14,525 | 12,809 | 1,716 | 12,212 |
| Total Operating Costs | 918,372 | 21,636 | 896,736 | 886,540 |
| Analysis of grants reported in total operating costs | | | | |
| For capital purposes | | | | |
| Grants to fund Capital Projects - GMS | 0 | 0 | 0 | 0 |
| Grants to Local Authorities to Fund Capital Projects | 584 | 0 | 584 | 3,000 |
| Grants to Private Sector to Fund Capital Projects | 0 | 0 | 0 | 1,800 |
| Grants to Fund Capital Projects - Dental | 0 | 0 | 0 | 0 |
| Grants to Fund Capital Projects - Other | 0 | 0 | 0 | 0 |
| Total Capital Grants | 584 | 0 | 584 | 4,800 |
| Grants to fund revenue expenditure | | | | |
| To Local Authorities | 0 | 0 | 0 | 0 |
| To Private Sector | 0 | 0 | 0 | 64 |
| To Other | 414 | 0 | 414 | 0 |
| Total Revenue Grants | 414 | 0 | 414 | 64 |
| Total Grants | 998 | 0 | 998 | 4,864 |
| | Total | Commissioning Services | Public Health | |
| PCT Running Costs 2012-13 | | | | |
| Running costs (£000s) | 19,334 | 17,014 | 2,320 | |
| Weighted population (number in units) | 509,251 | 509,251 | 509,251 | |
| Running costs per head of population (£ per head) | 38 | 33 | 5 | |
| PCT Running Costs 2011-12 | | | | |
| Running costs (£000s) | 20,428 | 17,984 | 2,444 | |
| Weighted population (number in units) | 509,251 | 509,251 | 509,251 | |
| Running costs per head of population (£ per head) | 40 | 35 | 5 | |

5.2 Analysis of operating expenditure by expenditure classification

| | 2012-13 | 2011-12 |
|---|----------------|----------------|
| | £000 | £000 |
| Purchase of Primary Health Care | | |
| GMS / PMS/ APMS / PCTMS | 82,084 | 81,103 |
| Prescribing costs | 73,209 | 74,816 |
| Contractor led GDS & PDS | 29,203 | 28,779 |
| Trust led GDS & PDS | 34 | 42 |
| General Ophthalmic Services | 4,677 | 4,660 |
| Department of Health Initiative Funding | 0 | 0 |
| Pharmaceutical services | 1,489 | 1,483 |
| Local Pharmaceutical Services Pilots | 0 | 0 |
| New Pharmacy Contract | 18,226 | 18,159 |
| Non-GMS Services from GPs | 0 | 0 |
| Other | 0 | 0 |
| Total Primary Healthcare Purchased | <u>208,922</u> | <u>209,042</u> |
| Purchase of Secondary Healthcare | | |
| Learning Difficulties | 20,841 | 20,972 |
| Mental Illness | 80,961 | 69,845 |
| Maternity | 22,245 | 23,002 |
| General and Acute | 412,481 | 403,413 |
| Accident and Emergency | 17,665 | 17,215 |
| Community Health Services | 61,309 | 57,111 |
| Other Contractual | 52,761 | 45,645 |
| Total Secondary Healthcare Purchased | <u>668,263</u> | <u>637,203</u> |
| Grant Funding | | |
| Grants for capital purposes | 584 | 4,800 |
| Grants for revenue purposes | 414 | 64 |
| Total Healthcare Purchased by PCT | <u>878,183</u> | <u>851,109</u> |
| PCT self-provided secondary healthcare included above | 0 | 0 |
| Social Care from Independent Providers | 0 | 0 |
| Healthcare from NHS FTs included above | 463,027 | 455,355 |

6. Operating Leases

The PCT has annual commitments under lease agreements for various properties, fleet vehicles and office equipment. There are no contingent rentals or purchase options built within any of the current lease agreements.

Significant leasing arrangements relate to the following property operating leases:

The operating lease for Wynford House in Yeovil which is used as the principal headquarters office for Somerset PCT. The remaining lease term is 13.7 years with a rent review every five years. The current minimum annual lease commitment amounts to £518,308.

The operating lease for the first floor of Priory House in Wells. The remaining lease term is 12.2 years with a rent review every three years. The current minimum annual lease commitment amounts to £112,200.

The operating lease for Units 15 to 18 of Charter House. The remaining lease term is 4.3 years with a rent review every three years. The current minimum annual lease commitment amounts to £114,000.

GMS Leases

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

IAS17 Leases

SIC 27 Evaluating the substance of transactions involving the legal form of a lease

IFRIC 4 Determining whether an arrangement contains a lease

The PCT has determined that those operating leases must be recognised, but as there is no defined term in the arrangements entered into, it is not possible to analyse the arrangements over financial years. The financial value of these arrangements included in the Statement of Comprehensive Net Expenditure for 2012-13 is £6,390,335 (£5,227,264 in 2011-12).

| 6.1 PCT as lessee | Land £000 | Buildings £000 | Other £000 | 2012-13 | 2011-12 |
|--|--------------|-------------------|---------------|---------------|---------------|
| | | | | Total £000 | Total £000 |
| Payments recognised as an expense | | | | | |
| Minimum lease payments | | | | 1,977 | 1,590 |
| Contingent rents | | | | 0 | 0 |
| Sub-lease payments | | | | 0 | 0 |
| Total | | | | 1,977 | 1,590 |
| Payable: | | | | | |
| No later than one year | 0 | 1,195 | 159 | 1,354 | 1,555 |
| Between one and five years | 0 | 4,552 | 126 | 4,678 | 5,398 |
| After five years | 0 | 7,629 | 0 | 7,629 | 8,884 |
| Total | 0 | 13,376 | 285 | 13,661 | 15,837 |
| Total future sublease payments expected to be received | | | | 0 | 0 |

6.2 PCT as lessor

The PCT currently leases Chantry House for use as a day centre and the Community Hospitals to Somerset Partnership NHS Foundation Trust. The terms of the lease for Chantry House include an annual commitment over 99 years with a three year break clause which can be invoked by the lessee or lessor. The leases in respect of the Community Hospitals are encapsulated within the overall Community Services contract with Somerset Partnership NHS Foundation Trust and Somerset PCT. In addition the PCT leases Shepton Mallet Treatment Centre to UKSH. The lease is subject to review on an annual basis.

| | 2012-13 £000 | 2011-12 £000 |
|------------------------------|-----------------|-----------------|
| Recognised as revenue | | |
| Rental Revenue | 4,294 | 5,320 |
| Contingent rents | 0 | 0 |
| Total | 4,294 | 5,320 |
| Receivable: | | |
| No later than one year | 4,294 | 5,320 |
| Between one and five years | 0 | 238 |
| After five years | 0 | 0 |
| Total | 4,294 | 5,558 |

7. Employee benefits and staff numbers

7.1 Employee benefits

| | 2012-13 | | | Permanently employed | | | Other | | |
|--|---------------|---------------|-------------------|----------------------|---------------|-------------------|---------------|---------------|-------------------|
| | Total £000 | Admin £000 | Programme £000 | Total £000 | Admin £000 | Programme £000 | Total £000 | Admin £000 | Programme £000 |
| Employee Benefits - Gross Expenditure | | | | | | | | | |
| Salaries and wages | 10,581 | 10,581 | 0 | 9,522 | 9,522 | 0 | 1,059 | 1,059 | 0 |
| Social security costs | 989 | 989 | 0 | 984 | 984 | 0 | 5 | 5 | 0 |
| Employer Contributions to NHS BSA - Pensions Division | 1,239 | 1,239 | 0 | 1,239 | 1,239 | 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 | 1,716 | 0 | 1,716 | 1,716 | 0 | 1,716 | 0 | 0 | 0 |
| Total employee benefits | 14,525 | 12,809 | 1,716 | 13,461 | 11,745 | 1,716 | 1,064 | 1,064 | 0 |
| Less recoveries in respect of employee benefits (table below) | (246) | (246) | 0 | (246) | (246) | 0 | 0 | 0 | 0 |
| Total - Net Employee Benefits including capitalised costs | 14,279 | 12,563 | 1,716 | 13,215 | 11,499 | 1,716 | 1,064 | 1,064 | 0 |
| Employee costs capitalised | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gross Employee Benefits excluding capitalised costs | 14,525 | 12,809 | 1,716 | 13,461 | 11,745 | 1,716 | 1,064 | 1,064 | 0 |
| Recognised as: | | | | | | | | | |
| Commissioning employee benefits | 14,525 | | | 13,461 | | | 1,064 | | |
| Provider employee benefits | 0 | | | 0 | | | 0 | | |
| Gross Employee Benefits excluding capitalised costs | 14,525 | | | 13,461 | | | 1,064 | | |

| | 2012-13 | | | Permanently employed | | | Other | | |
|---|---------------|---------------|-------------------|----------------------|---------------|-------------------|---------------|---------------|-------------------|
| | Total £000 | Admin £000 | Programme £000 | Total £000 | Admin £000 | Programme £000 | Total £000 | Admin £000 | Programme £000 |
| Employee Benefits - Revenue | | | | | | | | | |
| Salaries and wages | 199 | 199 | 0 | 199 | 199 | 0 | 0 | 0 | 0 |
| Social Security costs | 20 | 20 | 0 | 20 | 20 | 0 | 0 | 0 | 0 |
| Employer Contributions to NHS BSA - Pensions Division | 27 | 27 | 0 | 27 | 27 | 0 | 0 | 0 | 0 |
| Other pension costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Post Employment Benefits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Employment Benefits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Termination Benefits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL excluding capitalised costs | 246 | 246 | 0 | 246 | 246 | 0 | 0 | 0 | 0 |

Employee Benefits - Prior-year

| | Total | Permanently employed | Other |
|--|---------------|----------------------|------------|
| | £000 | £000 | £000 |
| Employee Benefits Gross Expenditure 2011-12 | | | |
| Salaries and wages | 9,855 | 9,268 | 587 |
| Social security costs | 902 | 848 | 54 |
| Employer Contributions to NHS BSA - Pensions Division | 1,389 | 1,307 | 82 |
| Other pension costs | 0 | 0 | 0 |
| Other post-employment benefits | 0 | 0 | 0 |
| Other employment benefits | 0 | 0 | 0 |
| Termination benefits | 66 | 66 | 0 |
| Total gross employee benefits | 12,212 | 11,489 | 723 |
| Less recoveries in respect of employee benefits | (245) | (245) | 0 |
| Total - Net Employee Benefits including capitalised costs | 11,967 | 11,244 | 723 |
| Employee costs capitalised | 0 | 0 | 0 |
| Gross Employee Benefits excluding capitalised costs | 12,212 | 11,489 | 723 |
| Recognised as: | | | |
| Commissioning employee benefits | 12,212 | | |
| Provider employee benefits | 0 | | |
| Gross Employee Benefits excluding capitalised costs | 12,212 | | |

7.2 Staff Numbers

| | 2012-13 | | | 2011-12 | | |
|--|-----------------|--------------------------------|-----------------|-----------------|--------------------------------|-----------------|
| | Total Number | Permanently employed Number | Other Number | Total Number | Permanently employed Number | Other Number |
| Average Staff Numbers | | | | | | |
| Medical and dental | 5 | 5 | 0 | 5 | 5 | 0 |
| Ambulance staff | 0 | 0 | 0 | 0 | 0 | 0 |
| Administration and estates | 232 | 199 | 33 | 245 | 205 | 40 |
| Healthcare assistants and other support staff | 1 | 1 | 0 | 0 | 0 | 0 |
| Nursing, midwifery and health visiting staff | 13 | 13 | 0 | 12 | 12 | 0 |
| Nursing, midwifery and health visiting learners | 0 | 0 | 0 | 0 | 0 | 0 |
| Scientific, therapeutic and technical staff | 8 | 8 | 0 | 8 | 8 | 0 |
| Social Care Staff | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 259 | 226 | 33 | 270 | 230 | 40 |
| 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 | 2011-12 |
|---------------------------|---------|---------|
| | Number | Number |
| Total Days Lost | 3,292 | 18,602 |
| Total Staff Years | 512 | 2,035 |
| Average working Days Lost | 6.43 | 9.14 |

Staff sickness values are based on the calendar year 1 January 2012 to 31 December 2012.

The values for 2011-12 include the staff sickness absence relating to the provider services transferred to Somerset Partnership NHS Foundation Trust during 2011/12.

| | 2012-13 | 2011-12 |
|---|---------|----------|
| | Number | Number |
| Number of persons retired early on ill health grounds | 0 | 1 |
| Total additional pensions liabilities accrued in the year | £000s 0 | £000s 97 |

7.4 Exit Packages agreed during 2012-13

| Exit package cost band (including any special payment element) | 2012-13 | | | 2011-12 | | |
|--|-----------------------------------|-----------------------------------|--|-----------------------------------|-----------------------------------|--|
| | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band |
| | Number | Number | Number | Number | Number | Number |
| Less than £10,000 | 0 | 0 | 0 | 6 | 0 | 6 |
| £10,001-£25,000 | 1 | 0 | 1 | 1 | 0 | 1 |
| £25,001-£50,000 | 3 | 0 | 3 | 1 | 0 | 1 |
| £50,001-£100,000 | 3 | 0 | 3 | 0 | 1 | 1 |
| £100,001 - £150,000 | 2 | 0 | 2 | 0 | 0 | 0 |
| £150,001 - £200,000 | 2 | 0 | 2 | 0 | 0 | 0 |
| >£200,000 | 3 | 0 | 3 | 0 | 0 | 0 |
| Total number of exit packages by type (total cost) | 14 | 0 | 14 | 8 | 1 | 9 |
| | £s | £s | £s | £s | £s | £s |
| Total resource cost | 1,716,302 | 0 | 1,716,302 | 84,000 | 66,000 | 150,000 |

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

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

7.5 Pension costs

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

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

a) Accounting valuation

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

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

b) Full actuarial (funding) valuation

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

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

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

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

c) Scheme provisions

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

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

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

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

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

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

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

8. Better Payment Practice Code**8.1 Measure of compliance**

| | 2012-13 Number | 2012-13 £000 | 2011-12 Number | 2011-12 £000 |
|---|-------------------|-----------------|-------------------|-----------------|
| Non-NHS Payables | | | | |
| Total Non-NHS Trade Invoices Paid in the Year | 21,695 | 109,271 | 25,827 | 104,187 |
| Total Non-NHS Trade Invoices Paid Within Target | <u>21,103</u> | <u>106,930</u> | <u>25,152</u> | <u>102,007</u> |
| Percentage of NHS Trade Invoices Paid Within Target | <u>97.27%</u> | <u>97.86%</u> | <u>97.39%</u> | <u>97.91%</u> |
| NHS Payables | | | | |
| Total NHS Trade Invoices Paid in the Year | 4,202 | 584,926 | 4,011 | 536,148 |
| Total NHS Trade Invoices Paid Within Target | <u>4,121</u> | <u>582,856</u> | <u>3,856</u> | <u>534,680</u> |
| Percentage of NHS Trade Invoices Paid Within Target | <u>98.07%</u> | <u>99.65%</u> | <u>96.14%</u> | <u>99.73%</u> |

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 | <u>0</u> | <u>0</u> |
| Total | <u>0</u> | <u>0</u> |

9. Investment Revenue

| | 2012-13 Total £000 | 2012-13 Admin £000 | 2012-13 Programme £000 | 2011-12 Total £000 |
|--|--------------------------|--------------------------|------------------------------|--------------------------|
| Rental Income | | | | |
| 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 |
| Subtotal | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Interest Income | | | | |
| LIFT: equity dividends receivable | 0 | 0 | 0 | 0 |
| LIFT: loan interest receivable | 0 | 0 | 0 | 0 |
| 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 |
| Subtotal | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total investment income | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |

10. Other Gains and Losses

| | 2012-13 Total £000 | 2012-13 Admin £000 | 2012-13 Programme £000 | 2011-12 Total £000 |
|---|--------------------------|--------------------------|------------------------------|--------------------------|
| Gain/(Loss) on disposal of assets other than by sale (PPE) | (3) | 0 | (3) | 0 |
| 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 |
| Total | <u>(3)</u> | <u>0</u> | <u>(3)</u> | <u>0</u> |

11. Finance Costs

| | 2012-13 Total £000 | 2012-13 Admin £000 | 2012-13 Programme £000 | 2011-12 Total £000 |
|--|--------------------------|--------------------------|------------------------------|--------------------------|
| Interest | | | | |
| Interest on obligations under finance leases | 0 | 0 | 0 | 0 |
| Interest on obligations under PFI contracts: | | | | |
| - main finance cost | 454 | 0 | 454 | 467 |
| - contingent finance cost | 223 | 0 | 223 | 119 |
| Interest on obligations under LIFT contracts: | | | | |
| - main finance cost | 0 | 0 | 0 | 0 |
| - contingent finance cost | 0 | 0 | 0 | 0 |
| Interest on late payment of commercial debt | 0 | 0 | 0 | 0 |
| Other interest expense | 0 | 0 | 0 | 0 |
| Total interest expense | <u>677</u> | <u>0</u> | <u>677</u> | <u>586</u> |
| Other finance costs | 0 | 0 | 0 | 0 |
| Provisions - unwinding of discount | 75 | 0 | 75 | 66 |
| Total | <u>752</u> | <u>0</u> | <u>752</u> | <u>652</u> |

12.1 Property, plant and equipment**2012-13**

| | Land | Buildings excluding dwellings | Dwellings | Assets under construction and payments on account | Plant & machinery | Transport equipment | Information technology | Furniture & fittings | Total |
|--|---------|-------------------------------|-----------|---|-------------------|---------------------|------------------------|----------------------|---------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Cost or valuation: | | | | | | | | | |
| At 1 April 2012 | 16,152 | 77,877 | 0 | 766 | 9,377 | 57 | 6,205 | 2,615 | 113,049 |
| Additions of Assets Under Construction | | | | 12,601 | | | | | 12,601 |
| Additions Purchased | 0 | 1,577 | 0 | 0 | 332 | 0 | 759 | 0 | 2,668 |
| 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 | (1,750) | 1,750 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications as Held for Sale | (1,643) | (7) | 0 | 0 | 0 | 0 | (1) | (2) | (1,650) |
| Disposals other than for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (3) |
| Upward revaluation/positive indexation | 444 | 1,674 | 0 | 0 | 0 | 0 | 0 | 0 | 2,118 |
| Impairments/negative indexation | (134) | (1,258) | 0 | 0 | (31) | 0 | 0 | (3) | (1,426) |
| Reversal of Impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers (to)/from Other Public Sector Bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2013 | 13,068 | 81,613 | 0 | 13,367 | 9,678 | 57 | 6,963 | 2,610 | 127,357 |

Depreciation

| | | | | | | | | | |
|--|--------|--------|---|--------|-------|----|-------|-------|---------|
| At 1 April 2012 | 0 | 5,514 | 0 | 0 | 6,096 | 57 | 4,070 | 1,357 | 17,094 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications as Held for Sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals other than for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Upward revaluation/positive indexation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 1 | 3,746 | 0 | 0 | 22 | 0 | 129 | 3 | 3,901 |
| Reversal of Impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Charged During the Year | 0 | 2,145 | 0 | 0 | 506 | 0 | 595 | 128 | 3,374 |
| Transfers (to)/from Other Public Sector Bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2013 | 1 | 11,405 | 0 | 0 | 6,624 | 57 | 4,794 | 1,488 | 24,369 |
| Net Book Value at 31 March 2013 | 13,068 | 70,208 | 0 | 13,367 | 3,054 | 0 | 2,169 | 1,122 | 102,988 |

Purchased

| | | | | | | | | | |
|--------|--------|---|--------|-------|---|---|-------|-------|---------|
| 13,068 | 67,549 | 0 | 13,367 | 2,819 | 0 | 0 | 2,169 | 579 | 99,561 |
| 0 | 2,583 | 0 | 0 | 235 | 0 | 0 | 0 | 543 | 3,361 |
| 0 | 76 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 76 |
| 13,068 | 70,208 | 0 | 13,367 | 3,054 | 0 | 0 | 2,169 | 1,122 | 102,988 |

Asset financing:

| | | | | | | | | | |
|-------------------------|--------|--------|---|--------|-------|---|-------|-------|---------|
| Owned | 13,068 | 63,011 | 0 | 13,367 | 3,054 | 0 | 2,169 | 1,122 | 95,791 |
| Held on finance lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| On-SOFP PFI contracts | 0 | 7,197 | 0 | 0 | 0 | 0 | 0 | 0 | 7,197 |
| PFI residual: interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total at 31 March 2013 | 13,068 | 70,208 | 0 | 13,367 | 3,054 | 0 | 2,169 | 1,122 | 102,988 |

Revaluation Reserve Balance for Property, Plant & Equipment

| | Land | Buildings | Dwellings | Assets under construction and payments on account | Plant & machinery | Transport equipment | Information technology | Furniture & fittings | Total |
|--|--------|-----------|-----------|---|-------------------|---------------------|------------------------|----------------------|--------|
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| At 1 April 2012 | 1,772 | 3,466 | 0 | 0 | 448 | 0 | 0 | 69 | 5,755 |
| Movements (transfers (to)/from the Assets Held for | 309 | 415 | 0 | 0 | (77) | 0 | 0 | (2) | 645 |
| At 31 March 2013 | 2,081 | 3,881 | 0 | 0 | 371 | 0 | 0 | 67 | 6,400 |

Additions to Assets Under Construction in 2012-13

| | | |
|--------------------------|--------|---|
| Land | £000 | 0 |
| Buildings excl Dwellings | 12,601 | |
| Dwellings | 0 | |
| Plant & Machinery | 0 | |
| Balance as at YTD | 12,601 | |

12.2 Property, plant and equipment**2011-12****Cost or valuation:**

| | Land £000 | Buildings excluding dwellings £000 | Dwellings £000 | Assets under construction and payments on account £000 | Plant & machinery £000 | Transport equipment £000 | Information technology £000 | Furniture & fittings £000 | Total £000 |
|--|---------------|---|-------------------|--|------------------------------|--------------------------------|-----------------------------------|---------------------------------|----------------|
| At 1 April 2011 | 15,444 | 61,404 | 0 | 17,027 | 8,502 | 57 | 5,498 | 2,426 | 110,358 |
| Additions - purchased | 0 | 3,964 | 0 | 765 | 401 | 0 | 968 | 189 | 6,287 |
| Additions - donated | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions - government granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 662 | 15,890 | 0 | (17,026) | 474 | 0 | 0 | 0 | 0 |
| Reclassified as held for sale | 46 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 46 |
| 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 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversals of impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| In-year transfers to/from NHS bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cumulative dep netted off cost following revaluation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2012 | 16,152 | 81,258 | 0 | 766 | 9,377 | 57 | 6,466 | 2,615 | 116,691 |

Depreciation**At 1 April 2011**

| | | | | | | | | | |
|--|----------|--------------|----------|----------|--------------|-----------|--------------|--------------|---------------|
| Reclassifications | 0 | 3,318 | 0 | 0 | 5,371 | 57 | 3,567 | 966 | 13,279 |
| Reclassifications as held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals other than for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Upward revaluation/positive indexation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 3,382 | 0 | 0 | 0 | 0 | 261 | 0 | 3,643 |
| Reversal of Impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Charged During the Year | 0 | 2,195 | 0 | 0 | 725 | 0 | 503 | 391 | 3,814 |
| 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 |
| At 31 March 2012 | 0 | 8,895 | 0 | 0 | 6,096 | 57 | 4,331 | 1,357 | 20,736 |

Net Book Value at 31 March 2012

| | | | | | | | | | |
|-------------------------|---------------|---------------|----------|------------|--------------|----------|--------------|--------------|---------------|
| | 16,152 | 72,363 | 0 | 766 | 3,281 | 0 | 2,135 | 1,258 | 95,955 |
| Purchased | 16,152 | 69,676 | 0 | 766 | 2,996 | 0 | 2,135 | 646 | 92,371 |
| Donated | 0 | 2,687 | 0 | 0 | 285 | 0 | 0 | 612 | 3,584 |
| Government Granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2012 | 16,152 | 72,363 | 0 | 766 | 3,281 | 0 | 2,135 | 1,258 | 95,955 |

Asset financing:

| | | | | | | | | | |
|-------------------------|---------------|---------------|----------|------------|--------------|----------|--------------|--------------|---------------|
| Owned | 16,152 | 66,353 | 0 | 766 | 3,281 | 0 | 2,135 | 1,258 | 89,945 |
| Held on finance lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| On-SOPF PFI contracts | 0 | 6,010 | 0 | 0 | 0 | 0 | 0 | 0 | 6,010 |
| PFI residual: interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2012 | 16,152 | 72,363 | 0 | 766 | 3,281 | 0 | 2,135 | 1,258 | 95,955 |

12.3 Property, plant and equipment

The PCT received no donations of non-current assets during the financial year.

During the year Somerset Primary Care Trust instructed the District Valuer to undertake a revaluation of its full estate as at 30th June 2012.

The valuation was prepared using a depreciated replacement cost (DRC) approach subject to the assumption of continuing use.

DRC as applied by the District Valuation Office, Taunton in accordance with the RICS standard is defined as:

"The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation."

Modern equivalent asset is described in HM treasury "Guidance on Asset Valuation" as "The cost of an asset that has the same service potential as the existing asset as adjusted to take account of obsolescence."

An impairment of £4,357,000 was charged to the Statement of Comprehensive Net Expenditure, as reflected in Note 14. Impairments.

The ranges of economic lives of non-current assets held by the PCT as at 13 March 2013 were:

| Description | Minimum Life years | Maximum Life years |
|-------------------------------|--------------------------|--------------------------|
| Software Licences | 5 | 5 |
| Buildings excluding dwellings | 7 | 104 |
| Plant and Machinery | 5 | 46 |
| Transport Equipment | 7 | 7 |
| Information Technology | 5 | 5 |
| Furniture and Fittings | 5 | 20 |

There has been no compensation from third parties for assets impaired, lost or given up.

There have been no write-downs of recoverable amounts and thus no reversals of any such write-downs.

The gross book value of assets that are fully depreciated and still in use is £3,907,000. These are predominately Plant and Machinery items.

There were no Open Market Valuations made at the end of the financial reporting period.

13.1 Intangible non-current assets

| | Software internally generated £000 | Software purchased £000 | Licences & trademarks £000 | Patents £000 | Development expenditure £000 | Total £000 |
|---|---------------------------------------|----------------------------|-------------------------------|-----------------|---------------------------------|---------------|
| 2012-13 | | | | | | |
| At 1 April 2012 | 0 | 0 | 332 | 0 | 0 | 332 |
| Additions - purchased | 0 | 0 | 150 | 0 | 0 | 150 |
| Additions - internally generated | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions - donated | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions - government granted | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions Leased | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals other than by sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation & indexation gains | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| In-year transfers to/from NHS bodies | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2013 | 0 | 0 | 482 | 0 | 0 | 482 |
| Amortisation | | | | | | |
| At 1 April 2012 | 0 | 0 | 224 | 0 | 0 | 224 |
| 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 | 11 | 0 | 0 | 11 |
| Reversal of impairments charged to operating expenses | 0 | 0 | 0 | 0 | 0 | 0 |
| Charged during the year | 0 | 0 | 45 | 0 | 0 | 45 |
| In-year transfers to NHS bodies | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2013 | 0 | 0 | 280 | 0 | 0 | 280 |
| Net Book Value at 31 March 2013 | 0 | 0 | 202 | 0 | 0 | 202 |
| Net Book Value at 31 March 2013 comprises | | | | | | |
| Purchased | 0 | 0 | 202 | 0 | 0 | 202 |
| Donated | 0 | 0 | 0 | 0 | 0 | 0 |
| Government Granted | 0 | 0 | 0 | 0 | 0 | 0 |
| Total at 31 March 2013 | 0 | 0 | 202 | 0 | 0 | 202 |

Revaluation reserve balance for intangible non-current assets

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

13.2 Intangible non-current assets

| | Software internally generated £000 | Software purchased £000 | Licences & trademarks £000 | Patents £000 | Development expenditure £000 | Total £000 |
|---|---------------------------------------|----------------------------|-------------------------------|-----------------|---------------------------------|---------------|
| 2011-12 | | | | | | |
| At 1 April 2011 | 0 | 0 | 328 | 0 | 0 | 328 |
| Additions - purchased | 0 | 0 | 4 | 0 | 0 | 4 |
| Additions - internally generated | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions - donated | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions - government granted | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals other than by sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation & indexation gains | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| In-year transfers to/from NHS bodies | 0 | 0 | 0 | 0 | 0 | 0 |
| Cumulative dep netted off cost following revaluation | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2012 | 0 | 0 | 332 | 0 | 0 | 332 |
| Amortisation | | | | | | |
| At 1 April 2011 | 0 | 0 | 174 | 0 | 0 | 174 |
| 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 | 0 | 50 | 0 | 0 | 50 |
| In-year transfers to NHS bodies | 0 | 0 | 0 | 0 | 0 | 0 |
| Less cumulative dep written down on revaluation | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2012 | 0 | 0 | 224 | 0 | 0 | 224 |
| Net Book Value at 31 March 2012 | 0 | 0 | 108 | 0 | 0 | 108 |
| Net Book Value at 31 March 2012 comprises | | | | | | |
| Purchased | 0 | 0 | 108 | 0 | 0 | 108 |
| Donated | 0 | 0 | 0 | 0 | 0 | 0 |
| Government Granted | 0 | 0 | 0 | 0 | 0 | 0 |
| Total at 31 March 2012 | 0 | 0 | 108 | 0 | 0 | 108 |

13.3 Intangible non-current assets

The intangible non-current assets currently held by Somerset PCT consist entirely of software licences. These are amortised over their estimated economic lives (five years) and are not subject to revaluation.

There were no intangible non-current assets acquired by government grants.

The PCT does not control any significant intangible assets not recognised as non-current assets.

The gross book value of intangible assets that are fully amortised and still in use is £24,000.

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

| | 2012-13 Total £000 | 2012-13 Admin £000 | 2012-13 Programme £000 |
|---|--------------------------|--------------------------|------------------------------|
| Property, Plant and Equipment impairments and reversals taken to SoCNE | | | |
| Loss or damage resulting from normal operations | 0 | 0 | 0 |
| Over-specification of assets | 0 | 0 | 0 |
| Abandonment of assets in the course of construction | 0 | 0 | 0 |
| Total charged to Departmental Expenditure Limit | 0 | 0 | 0 |
| Unforeseen obsolescence | 0 | 0 | 0 |
| Loss as a result of catastrophe | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |
| Changes in market price | 3,901 | 0 | 3901 |
| Total charged to Annually Managed Expenditure | 3,901 | 0 | 3,901 |
| Property, Plant and Equipment impairments and reversals charged to the revaluation reserve | | | |
| Loss or damage resulting from normal operations | 0 | | |
| Over Specification of Assets | 0 | | |
| Abandonment of assets in the course of construction | 0 | | |
| Unforeseen obsolescence | 0 | | |
| Loss as a result of catastrophe | 0 | | |
| Other | 0 | | |
| Changes in market price | 1,426 | | |
| Total impairments for PPE charged to reserves | 1,426 | | |
| Total Impairments of Property, Plant and Equipment | 5327 | 0 | 3901 |
| Intangible assets impairments and reversals charged to SoCNE | | | |
| Loss or damage resulting from normal operations | 0 | 0 | 0 |
| Over-specification of assets | 0 | 0 | 0 |
| Abandonment of assets in the course of construction | 0 | 0 | 0 |
| Total charged to Departmental Expenditure Limit | 0 | 0 | 0 |
| Unforeseen obsolescence | 0 | 0 | 0 |
| Loss as a result of catastrophe | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |
| Changes in market price | 11 | 0 | 11 |
| Total charged to Annually Managed Expenditure | 11 | 0 | 11 |
| Intangible Assets impairments and reversals charged to the Revaluation Reserve | | | |
| Loss or damage resulting from normal operations | 0 | | |
| Over-specification of assets | 0 | | |
| Abandonment of assets in the course of construction | 0 | | |
| Unforeseen obsolescence | 0 | | |
| Loss as a result of catastrophe | 0 | | |
| Other | 0 | | |
| Changes in market price | 0 | | |
| Total impairments for Intangible Assets charged to Reserves | 0 | | |
| Total Impairments of Intangibles | 11 | 0 | 11 |

**14. Analysis of impairments and reversals recognised in 2012-13
(continued)**

| | 2012-13 Total £000 | 2012-13 Admin £000 | 2012-13 Programme £000 |
|--|--------------------------|--------------------------|------------------------------|
| Financial Assets charged to SoCNE | | | |
| Loss or damage resulting from normal operations | 0 | 0 | 0 |
| Total charged to Departmental Expenditure Limit | <u>0</u> | <u>0</u> | <u>0</u> |
| Loss as a result of catastrophe | 0 | | 0 |
| Other | 0 | | 0 |
| Total charged to Annually Managed Expenditure | <u>0</u> | | <u>0</u> |
| Financial Assets impairments and reversals charged to the Revaluation Reserve | | | |
| Loss or damage resulting from normal operations | 0 | | |
| Loss as a result of catastrophe | 0 | | |
| Other | 0 | | |
| TOTAL impairments for Financial Assets charged to reserves | <u>0</u> | | |
| Total impairments of Financial Assets | <u>0</u> | <u>0</u> | <u>0</u> |
| Non-current assets held for sale - impairments and reversals charged to SoCNE. | | | |
| Loss or damage resulting from normal operations | 0 | 0 | 0 |
| Abandonment of assets in the course of construction | 0 | 0 | 0 |
| Total charged to Departmental Expenditure Limit | <u>0</u> | <u>0</u> | <u>0</u> |
| Unforeseen obsolescence | 0 | 0 | 0 |
| Loss as a result of catastrophe | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |
| Changes in market price | 445 | 0 | 445 |
| Total charged to Annually Managed Expenditure | <u>445</u> | <u>0</u> | <u>445</u> |
| Total impairments of non-current assets held for sale | <u>445</u> | <u>0</u> | <u>445</u> |
| Inventories - impairments and reversals charged to SoCNE | | | |
| Loss or Damage Resulting from Normal Operations | 0 | 0 | 0 |
| Total charged to Departmental Expenditure Limit | <u>0</u> | <u>0</u> | <u>0</u> |
| Unforeseen Obsolescence | 0 | 0 | 0 |
| Loss as a Result of a Catastrophe | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |
| Changes in Market Price | 0 | 0 | 0 |
| Total charged to Annually Managed Expenditure | <u>0</u> | <u>0</u> | <u>0</u> |
| Total impairments of Inventories | <u>0</u> | <u>0</u> | <u>0</u> |
| Investment Property impairments charged to SoCNE | | | |
| Loss or Damage Resulting from Normal Operations | 0 | 0 | 0 |
| Total charged to Departmental Expenditure Limit | <u>0</u> | <u>0</u> | <u>0</u> |
| Unforeseen Obsolescence | 0 | 0 | 0 |
| Loss as a Result of a Catastrophe | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |
| Changes in Market Price | 0 | 0 | 0 |
| Total charged to Annually Managed Expenditure | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Investment Property impairments charged to SoCNE | <u>0</u> | <u>0</u> | <u>0</u> |
| Investment Property impairments and reversals charged to the Revaluation Reserve | | | |
| Loss or Damage Resulting from Normal Operations | 0 | | |
| Over Specification of Assets | 0 | | |
| Abandonment of Assets in the Course of Construction | 0 | | |
| Unforeseen Obsolescence | 0 | | |
| Loss as a Result of a Catastrophe | 0 | | |
| Other | 0 | | |
| Changes in Market Price | 0 | | |
| TOTAL impairments for Investment Property charged to Reserves | <u>0</u> | | |
| Total Investment Property Impairments | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Impairments charged to Revaluation Reserve | 1,426 | | |
| Total Impairments charged to SoCNE - AME | 4,357 | 0 | 4,357 |
| Total Impairments charged to SoCNE - DEL | 0 | 0 | 0 |
| Overall Total Impairments | <u>5,783</u> | <u>0</u> | <u>4,357</u> |
| Of which: | | | |
| Impairment on revaluation to "modern equivalent asset" basis | 0 | 0 | 0 |
| Donated and Gov Granted Assets, included above - | | | |
| PPE - Donated and Government Granted Asset Impairments: amount charged to SoCNE - DEL | 0 | 0 | 0 |
| Intangibles - Donated and Government Granted Asset Impairments: amount charged to SoCNE -AME | 0 | 0 | 0 |

The impairment of £5,783,000 relates to revaluation of the Primary Care Trust's estate, prior to the implementation of the transfer order, and the revaluation of Information and Technology Equipment.

15 Investment property

| | 31 March 2013 £000 | 31 March 2012 £000 |
|--|-----------------------|-----------------------|
| At fair value | | |
| Balance at 1 April 2012 | 0 | 0 |
| Additions Through Subsequent Expenditure | 0 | 0 |
| Other Acquisitions | 0 | 0 |
| Disposals | 0 | 0 |
| Property Reclassified as Held for Sale | 0 | 0 |
| Loss from Fair Value Adjustments - Impairments | 0 | 0 |
| Gain from Fair Value Adjustments - Reversal of Impairments | 0 | 0 |
| Gain from Fair Value Adjustments | 0 | 0 |
| Transfers (to)/from Other Public Sector Bodies | 0 | 0 |
| Other Changes | 0 | 0 |
| Balance at 31 March 2013 | 0 | 0 |
| Investment property capital transactions in 2012-13 | | |
| Capital expenditure | 0 | 0 |
| Capital income | 0 | 0 |
| | 0 | 0 |

16 Commitments**16.1 Capital commitments**

Contracted capital commitments at 31 March not otherwise included in these financial statements, for the completion of the new Bridgwater Hospital build; which will transfer in full to NHS Property Services Ltd:

| | 31 March 2013 £000 | 31 March 2012 £000 |
|-------------------------------|-----------------------|-----------------------|
| Property, plant and equipment | 17,200 | 0 |
| Intangible assets | 0 | 0 |
| Total | 17,200 | 0 |

16.2 Other financial commitments

There are no other financial commitments at 31 March not otherwise included in these financial statements:

| | 31 March 2013 £000 | 31 March 2012 £000 |
|--|-----------------------|-----------------------|
| Not later than one year | 0 | 0 |
| Later than one year and not later than five year | 0 | 0 |
| Later than five years | 0 | 0 |
| Total | 0 | 0 |

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 | 382 | 0 | 1,284 | 0 |
| Balances with Local Authorities | 185 | 0 | 952 | 0 |
| Balances with NHS bodies outside the Departmental Group | 0 | 0 | 0 | 0 |
| Balances with NHS Trusts and Foundation Trusts | 2,015 | 0 | 3,263 | 0 |
| Balances with Public Corporations and Trading Funds | 0 | 0 | 0 | 0 |
| Balances with bodies external to government | 2,681 | 0 | 32,274 | 0 |
| At 31 March 2013 | 5,263 | 0 | 37,773 | 0 |
| prior period: | | | | |
| Balances with other Central Government Bodies | 509 | 0 | 528 | 0 |
| Balances with Local Authorities | 108 | 0 | 1,547 | 0 |
| Balances with NHS Trusts and Foundation Trusts | 3,435 | 0 | 7,190 | 0 |
| Balances with Public Corporations and Trading Funds | 0 | 0 | 0 | 0 |
| Balances with bodies external to government | 3,489 | 0 | 43,005 | 0 |
| At 31 March 2012 | 7,541 | 0 | 52,270 | 0 |

| 18 Inventories | Drugs £000 | Consumables £000 | Energy £000 | Work in progress £000 | Loan Equipment £000 | Other £000 | Total £000 | Of which held at NRV £000 |
|--|---------------|---------------------|----------------|--------------------------|------------------------|---------------|---------------|---------------------------------|
| Balance at 1 April 2012 | 0 | 0 | 6 | 0 | 0 | 3 | 9 | 0 |
| Additions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Inventories recognised as an expense in the period | 0 | 0 | (1) | 0 | 0 | 0 | (1) | 0 |
| Write-down of inventories (including losses) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversal of write-down previously taken to SoCNE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers (to)/from other public sector bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance at 31 March 2013 | 0 | 0 | 5 | 0 | 0 | 3 | 8 | 0 |

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 | 459 | 1,889 | 0 | 0 |
| NHS receivables - capital | 0 | 0 | 0 | 0 |
| NHS prepayments and accrued income | 1,673 | 1,894 | 0 | 0 |
| Non-NHS receivables - revenue | 619 | 225 | 0 | 0 |
| Non-NHS receivables - capital | 0 | 0 | 0 | 0 |
| Non-NHS prepayments and accrued income | 2,515 | 2,782 | 0 | 0 |
| Provision for the impairment of receivables | (347) | (202) | 0 | 0 |
| VAT | 265 | 161 | 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 | 79 | 792 | 0 | 0 |
| Total | 5,263 | 7,541 | 0 | 0 |
| Total current and non current | 5,263 | 7,541 | | |
| Included above: | | | | |
| Prepaid pensions contributions | 0 | 0 | | |

The great majority of trade is with other NHS bodies, including other Primary Care Trusts as commissioners for NHS patient care services. As Primary Care Trusts are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary. We have impaired any receivables where the credit quality is at risk.

19.2 Receivables past their due date but not impaired

| | 31 March 2013 £000 | 31 March 2012 £000 |
|-------------------------|-----------------------|-----------------------|
| By up to three months | 543 | 2,123 |
| By three to six months | 93 | 53 |
| By more than six months | 75 | 556 |
| Total | 711 | 2,732 |

No collateral is held by the PCT for receivables past their due date but not impaired.

19.3 Provision for impairment of receivables

| | 2012-13 £000 | 2011-12 £000 |
|---|-----------------|-----------------|
| Balance at 1 April 2012 | (202) | (180) |
| Amount written off during the year | 0 | 0 |
| Amount recovered during the year | 9 | 0 |
| (Increase)/decrease in receivables impaired | (154) | (22) |
| Balance at 31 March 2013 | (347) | (202) |

These relate, predominantly, to outstanding invoices in respect of independent dental service contractors.

20 NHS LIFT investments

| | Loan £000 | Share capital £000 | Total £000 |
|----------------------------------|--------------|-----------------------|---------------|
| Balance at 1 April 2012 | 0 | 0 | 0 |
| Additions | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 |
| Loan repayments | 0 | 0 | 0 |
| Revaluations | 0 | 0 | 0 |
| Loans repayable within 12 months | 0 | 0 | 0 |
| Balance at 31 March 2013 | <u>0</u> | <u>0</u> | <u>0</u> |
| Balance at 1 April 2011 | 0 | 0 | 0 |
| Additions | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 |
| Loan repayments | 0 | 0 | 0 |
| Revaluations | 0 | 0 | 0 |
| Loans repayable within 12 months | 0 | 0 | 0 |
| Balance at 31 March 2012 | <u>0</u> | <u>0</u> | <u>0</u> |

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 |
| Closing balance 31 March | <u>0</u> | <u>0</u> |

21.2 Other Financial Assets - Non Current

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

21.3 Other Financial Assets - Capital Analysis

| | 31 March 2013 £000 | 31 March 2012 £000 |
|---------------------|-----------------------|-----------------------|
| Capital Expenditure | 0 | 0 |
| Capital Income | 0 | 0 |

22 Other current assets

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

23 Cash and Cash Equivalents

| | 31 March 2013 £000 | 31 March 2012 £000 |
|--|-----------------------|-----------------------|
| Opening balance | 18 | 19 |
| Net change in year | 14 | (1) |
| Closing balance | <u>32</u> | <u>18</u> |
| Made up of | | |
| Cash with Government Banking Service | 32 | 17 |
| Commercial banks | 0 | 0 |
| Cash in hand | 0 | 1 |
| Current investments | 0 | 0 |
| Cash and cash equivalents as in statement of financial position | <u>32</u> | <u>18</u> |
| Bank overdraft - Government Banking Service | 0 | 0 |
| Bank overdraft - Commercial banks | 0 | 0 |
| Cash and cash equivalents as in statement of cash flows | <u>32</u> | <u>18</u> |

| | | |
|---|---|---|
| Patients' money held by the PCT, not included above | 0 | 0 |
|---|---|---|

24 Non-current assets held for sale

| | Land | Buildings, excl. dwellings | Dwellings | Asset Under Construction and Payments on Account | Plant and Machinery | Transport and Equipment | Information Technology | Furniture and Fittings | Intangible Assets | Total |
|--|--------------|----------------------------|-----------|--|---------------------|-------------------------|------------------------|------------------------|-------------------|--------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Balance at 1 April 2012 | | | | | | | | | | |
| Plus assets classified as held for sale in the year | 225 | 1,075 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,300 |
| Less assets sold in the year | 1,643 | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,650 |
| Less impairment of assets held for sale | 0 | (445) | 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 | (445) |
| 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 | (55) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (55) |
| Balance at 31 March 2013 | 1,868 | 582 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,450 |
| Liabilities associated with assets held for sale at 31 March 2013 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance at 1 April 2011 | | | | | | | | | | |
| Plus assets classified as held for sale in the year | 585 | 1,075 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,660 |
| Less assets sold in the year | 74 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 74 |
| Less impairment of assets held for sale | (314) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (314) |
| 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 | (120) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (120) |
| Balance at 31 March 2012 | 225 | 1,075 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,300 |
| Liabilities associated with assets held for sale at 31 March 2012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation reserve balances in respect of non-current assets held for sale were: | | | | | | | | | | |
| At 31 March 2012 | 55 | | | | | | | | | |
| At 31 March 2013 | 0 | | | | | | | | | |

At 31 March 2013, two properties were classified as held for sale:

The Minehead Old Hospital which became surplus to requirements during 2011/12 and the site of the former Frome Victoria Hospital which became available following the vacation of the site by the former tenants. There is no revaluation reserve held in relation to either property as at 31 March 2013 (2011/12 total revaluation reserve for non-current assets held for sale was £55,000).

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 | 1,542 | 3,680 | 0 | 0 |
| NHS payables - capital | 0 | 0 | 0 | 0 |
| NHS accruals and deferred income | 2,036 | 3,588 | 0 | 0 |
| Family Health Services (FHS) payables | 16,104 | 17,597 | | |
| Non-NHS payables - revenue | 3,721 | 7,414 | 0 | 0 |
| Non-NHS payables - capital | 407 | 2,822 | 0 | 0 |
| Non-NHS accruals and deferred income | 12,988 | 16,750 | 0 | 0 |
| Social security costs | 253 | 114 | | |
| VAT | 0 | 0 | 0 | 0 |
| Tax | 532 | 134 | | |
| Payments received on account | 0 | 0 | 0 | 0 |
| Other | 190 | 171 | 0 | 0 |
| Total | 37,773 | 52,270 | 0 | 0 |
| Total payables (current and non-current) | 37,773 | 52,270 | | |

Other payables include £0 (2011-12: £0) in respect of payments due in future years under arrangements to buy out the liability for 0 early retirements; and £184,000 in respect of outstanding pensions contributions at 31 March 2013 (31 March 2012: £148,000).

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 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |
| Total other liabilities (current and non-current) | 0 | 0 | | |

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 | 195 | 184 | 6,315 | 6,510 |
| Lifecycle replacement received in advance | 0 | 0 | 0 | 0 |
| LIFT liabilities: | | | | |
| Main liability | 0 | 0 | 0 | 0 |
| Lifecycle replacement received in advance | 0 | 0 | 0 | 0 |
| Finance lease liabilities | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Total | 195 | 184 | 6,315 | 6,510 |
| Total other liabilities (current and non-current) | 6,510 | 6694 | | |

Borrowings/Loans - Payment of Principal Falling Due in:

| | DH £000s | Other £000s | Total £000s |
|--------------|-------------|----------------|----------------|
| 0 - 1 Years | 0 | 195 | 195 |
| 1 - 2 Years | 0 | 147 | 147 |
| 2 - 5 Years | 0 | 560 | 560 |
| Over 5 Years | 0 | 5,608 | 5,608 |
| TOTAL | 0 | 6,510 | 6,510 |

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 |
| Total | 0 | 0 | 0 | 0 |
| Total other liabilities (current and non-current) | 0 | 0 | | |

29 Deferred income

| | Current | | Non-current | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2013 £000 | 31 March 2012 £000 | 31 March 2013 £000 | 31 March 2012 £000 |
| Opening balance at 1 April 2012 | 0 | 164 | 0 | 0 |
| Deferred income addition | 0 | 0 | 0 | 0 |
| Transfer of deferred income | 0 | (164) | 0 | 0 |
| Current deferred income at 31 March 2013 | 0 | 0 | 0 | 0 |
| Total other liabilities (current and non-current) | 0 | 0 | | |

30 Finance lease obligations

The PCT holds no finance leases.

Amounts payable under finance leases (Buildings)

| | Minimum lease payments | | Present value of minimum lease payments | |
|--|------------------------|-----------------------|---|-----------------------|
| | 31 March 2013 £000 | 31 March 2012 £000 | 31 March 2013 £000 | 31 March 2012 £000 |
| Within one year | 0 | 0 | 0 | 0 |
| Between one and five years | 0 | 0 | 0 | 0 |
| After five years | 0 | 0 | 0 | 0 |
| Less future finance charges | 0 | 0 | 0 | 0 |
| Present value of minimum lease payments | 0 | 0 | 0 | 0 |
| Included in: | | | | |
| Current borrowings | | | 0 | 0 |
| Non-current borrowings | | | 0 | 0 |

Amounts payable under finance leases (Land)

| | Minimum lease payments | | Present value of minimum lease payments | |
|--|------------------------|-----------------------|---|-----------------------|
| | 31 March 2013 £000 | 31 March 2012 £000 | 31 March 2013 £000 | 31 March 2012 £000 |
| Within one year | 0 | 0 | 0 | 0 |
| Between one and five years | 0 | 0 | 0 | 0 |
| After five years | 0 | 0 | 0 | 0 |
| Less future finance charges | 0 | 0 | 0 | 0 |
| Present value of minimum lease payments | 0 | 0 | 0 | 0 |
| Included in: | | | | |
| Current borrowings | | | 0 | 0 |
| Non-current borrowings | | | 0 | 0 |

Amounts payable under finance leases (Other)

| | Minimum lease payments | | Present value of minimum lease payments | |
|--|------------------------|-----------------------|---|-----------------------|
| | 31 March 2013 £000 | 31 March 2012 £000 | 31 March 2013 £000 | 31 March 2012 £000 |
| Within one year | 0 | 0 | 0 | 0 |
| Between one and five years | 0 | 0 | 0 | 0 |
| After five years | 0 | 0 | 0 | 0 |
| Less future finance charges | 0 | 0 | 0 | 0 |
| Present value of minimum lease payments | 0 | 0 | 0 | 0 |
| Included in: | | | | |
| Current borrowings | | | 0 | 0 |
| Non-current borrowings | | | 0 | 0 |

Finance leases as lessee

| | 31 March 2013 £000 | 31 March 2012 £000 |
|--|-----------------------|-----------------------|
| Future Sublease Payments Expected to be received | 0 | 0 |
| Contingent Rents Recognised as an Expense | 0 | 0 |

31 Finance lease receivables as lessor**Amounts receivable under finance leases (buildings)**

| | Gross investments in leases | | Present value of minimum lease payments | |
|--|-----------------------------|-----------------------|---|-----------------------|
| | 31 March 2013 £000 | 31 March 2012 £000 | 31 March 2013 £000 | 31 March 2012 £000 |
| Within one year | 0 | 0 | 0 | 0 |
| Between one and five years | 0 | 0 | 0 | 0 |
| After five years | 0 | 0 | 0 | 0 |
| Less future finance charges | 0 | 0 | 0 | 0 |
| Present value of minimum lease payments | 0 | 0 | 0 | 0 |
| Less allowance for uncollectible lease payments: | 0 | 0 | 0 | 0 |
| Total finance lease receivable recognised in the statement of financial position | 0 | 0 | 0 | 0 |
| Included in: | | | | |
| Current finance lease receivables | | | 0 | 0 |
| Non-current finance lease receivables | | | 0 | 0 |

Amounts receivable under finance leases (land)

| | Gross investments in leases | | Present value of minimum lease payments | |
|--|-----------------------------|-----------------------|---|-----------------------|
| | 31 March 2013 £000 | 31 March 2012 £000 | 31 March 2013 £000 | 31 March 2012 £000 |
| Within one year | 0 | 0 | 0 | 0 |
| Between one and five years | 0 | 0 | 0 | 0 |
| After five years | 0 | 0 | 0 | 0 |
| Less future finance charges | 0 | 0 | - | - |
| Present value of minimum lease payments | 0 | 0 | 0 | 0 |
| Less allowance for uncollectible lease payments: | 0 | 0 | 0 | 0 |
| Total finance lease receivable recognised in the statement of financial position | 0 | 0 | 0 | 0 |
| Included in: | | | | |
| Current finance lease receivables | | | 0 | 0 |
| Non-current finance lease receivables | | | 0 | 0 |

Amounts receivable under finance leases (other)

| | Gross investments in leases | | Present value of minimum lease payments | |
|--|-----------------------------|-----------------------|---|-----------------------|
| | 31 March 2013 £000 | 31 March 2012 £000 | 31 March 2013 £000 | 31 March 2012 £000 |
| Within one year | 0 | 0 | 0 | 0 |
| Between one and five years | 0 | 0 | 0 | 0 |
| After five years | 0 | 0 | 0 | 0 |
| Less future finance charges | 0 | 0 | - | - |
| Present value of minimum lease payments | 0 | 0 | 0 | 0 |
| Less allowance for uncollectible lease payments: | 0 | 0 | 0 | 0 |
| Total finance lease receivable recognised in the statement of financial position | 0 | 0 | 0 | 0 |
| Included in: | | | | |
| Current finance lease receivables | | | 0 | 0 |
| Non-current finance lease receivables | | | 0 | 0 |

Finance Leases (as a Lessor)

| | 31 March 2013 £000 | 31 March 2012 £000 |
|---|-----------------------|-----------------------|
| The unguaranteed residual value accruing to the PCT is | 0 | 0 |
| Accumulated allowance for uncollectible minimum lease payments receivable | 0 | 0 |

Rental Revenue

| | 31 March 2013 £000 | 31 March 2012 £000 |
|-----------------------------|-----------------------|-----------------------|
| Contingent rent | 0 | 0 |
| Other | 0 | 0 |
| Total rental revenue | 0 | 0 |

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 | 6,122 | 0 | 2,642 | 281 | 0 | 3,199 | 0 | 0 | 0 | 0 |
| Arising During the Year | 3,145 | 0 | 148 | 0 | 0 | 2,997 | 0 | 0 | 0 | 0 |
| Utilised During the Year | (2,035) | 0 | (195) | (281) | 0 | (1,556) | 0 | 0 | 0 | 0 |
| Reversed Unused | (1,255) | 0 | (31) | 0 | 0 | (1,224) | 0 | 0 | 0 | 0 |
| Unwinding of Discount | 75 | 0 | 75 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Change in Discount Rate | (12) | 0 | (12) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transferred (to)/from other Public Sector bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance at 31 March 2013 | 6,040 | 0 | 2,624 | 0 | 0 | 3,416 | 0 | 0 | 0 | 0 |
| Expected Timing of Cash Flows: | | | | | | | | | | |
| No Later than One Year | 3,614 | 0 | 198 | 0 | 0 | 3,416 | 0 | 0 | 0 | 0 |
| Later than One Year and not later than Five Years | 793 | 0 | 793 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Later than Five Years | 1,633 | 0 | 1,633 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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

| | |
|---------------------|-------|
| As at 31 March 2013 | 1,820 |
| As at 31 March 2012 | 1,715 |

The category "Pensions relating to other staff" relates to early retirement pension commitments transferred from the former Dorset and Somerset Strategic Health Authority. The "Legal claims" category includes backed provisions with a NHS Foundation Trust which were repaid in full during the year.

The "Continuing Care" provision includes an assessment of the continuing healthcare cases which are currently being reviewed by the PCT's panel and retrospective cases in line with the Department of Health National Framework for Continuing Care. This has been based on the best professional judgement in line with IAS37.

- All of the cases awaiting panel have been provided for and the calculation has been based on estimated cost and the probability of success, where the probability factor applied is based on success rates in the current financial year.

- All of the retrospective cases have been assessed and those likely to progress to a panel have been provided for applying the same criteria as cases awaiting panel. Where further information is yet to be received in order to make a reasonable judgement, a contingent liability has been included in note 33. Professional judgement has been applied to determine the proportion of these claims that may be successful. The calculated value is then based on an average claim period using information available at an estimated cost based on our Procurement Policy. For cases with a remote possibility of reaching a panel no provision or contingent liability has been taken into account.

33 Contingencies

| | 31 March 2013 £,000 | 31 March 2012 £,000 |
|--|------------------------|------------------------|
| Contingent liabilities | | |
| Equal Pay | 0 | 0 |
| Other | (1,402) | 0 |
| Amounts Recoverable Against Contingent Liabilities | 0 | 0 |
| Net Value of Contingent Liabilities | (1,402) | 0 |

| | | |
|---------------------------------------|----------|------------|
| Contingent Assets | | |
| Contingent Assets | 0 | 232 |
| Net Value of Contingent Assets | 0 | 232 |

During 2012-13 the Department of Health introduced two deadlines for individuals to request an assessment of eligibility for NHS Continuing Healthcare funding, for previously unassessed cases during the period 1 April 2004 to 31 March 2012.

Somerset Primary Care Trust received over 600 applications for assessment with an estimated settlement cost between £2,598,000 and £4,000,000. Somerset Primary Care Trust has made a provision for £2,598,000 and a contingent liability of £1,402,000.

34 PFI and LIFT - additional information

The PCT reports one PFI scheme at West Mendip Hospital, Glastonbury on-Statement of Financial Position:

The former Mendip PCT entered into a contract with Ryhurst Ltd, whereby the latter undertook to build and maintain a facility for a period of thirty years. On the expiry of this period all interests, benefits and obligations in and of the facility will transfer to the NHS.

The terms of the PFI contract include:

- the PCT maintains the right to use the asset during the period of the contract
- there were no changes to the arrangement during the period
- under IFRIC 12, the asset is treated as an asset of the trust; the substance of the contract is that the trust has a finance lease and payments comprise two elements – imputed finance lease charges and service charges

| | 31 March 2013 £000 | 31 March 2012 £000 |
|---|-----------------------|-----------------------|
| 34.1 Charges to operating expenditure and future commitments in respect of ON and OFF SOFP PFI | | |
| Total charge to operating expenses in year - OFF SOFP PFI | 0 | 0 |
| Service element of on SOFP PFI charged to operating expenses in year | 233 | 225 |
| Total | 233 | 225 |

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

| | | |
|---|--------------|--------------|
| No Later than One Year | 218 | 210 |
| Later than One Year, No Later than Five Years | 936 | 912 |
| Later than Five Years | 5,962 | 6,203 |
| Total | 7,115 | 7,325 |

34.2 Imputed "finance lease" obligations for on SOFP PFI contracts due**Analysed by when PFI payments are due**

| | | |
|---|---------------|---------------|
| No Later than One Year | 636 | 638 |
| Later than One Year, No Later than Five Years | 2,355 | 2,394 |
| Later than Five Years | 9,478 | 10,075 |
| Subtotal | 12,469 | 13,107 |
| Less: Interest Element | (5,959) | (6,413) |
| Total | 6,510 | 6,694 |

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 | 0 | 0 |
| Total | 0 | 0 |

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 | 0 | 0 |
| Later than One Year, No Later than Five Years | 0 | 0 |
| Later than Five Years | 0 | 0 |
| Total | 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 | 0 | 0 |
| Later than One Year, No Later than Five Years | 0 | 0 |
| Later than Five Years | 0 | 0 |
| Subtotal | 0 | 0 |
| Less: Interest Element | 0 | 0 |
| Total | 0 | 0 |

35 Impact of IFRS treatment - 2012-13

| | Total £000 | Admin £000 | Programme £000 |
|---|---------------|---------------|-------------------|
| Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g LIFT/PFI) | | | |
| Depreciation charges | 190 | 0 | 190 |
| Interest Expense | 677 | 0 | 677 |
| Impairment charge - AME | 0 | 0 | 0 |
| Impairment charge - DEL | 0 | 0 | 0 |
| Other Expenditure | 233 | 0 | 233 |
| Revenue Receivable from subleasing | 0 | 0 | 0 |
| Total IFRS Expenditure (IFRIC12) | 1,100 | 0 | 1,100 |
| Revenue consequences of LIFT/PFI schemes under UK GAAP / ESA95 (net of any sublease income) | -1,020 | 0 | -1,020 |
| Net IFRS change (IFRIC12) | 80 | 0 | 80 |

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

Interest rate risk

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

Credit Risk

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

Liquidity Risk

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

36.1 Financial Assets

| | At 'fair value through profit and loss' £000 | Loans and receivables £000 | Available for sale £000 | Total £000 |
|-------------------------------|---|----------------------------------|-------------------------------|---------------|
| Embedded derivatives | 0 | | | 0 |
| Receivables - NHS | | 0 | | 0 |
| Receivables - non-NHS | | 0 | | 0 |
| Cash at bank and in hand | | 32 | | 32 |
| Other financial assets | 0 | 0 | 0 | 0 |
| Total at 31 March 2013 | 0 | 32 | 0 | 32 |
| Embedded derivatives | 0 | | | 0 |
| Receivables - NHS | | 0 | | 0 |
| Receivables - non-NHS | | 0 | | 0 |
| Cash at bank and in hand | | 18 | | 18 |
| Other financial assets | 0 | 0 | 0 | 0 |
| Total at 31 March 2012 | 0 | 18 | 0 | 18 |

36.2 Financial Liabilities

| | At 'fair value through profit and loss' £000 | Other £000 | Total £000 |
|---------------------------------|---|---------------|---------------|
| Embedded derivatives | 0 | | 0 |
| NHS payables | | 0 | 0 |
| Non-NHS payables | | 0 | 0 |
| Other borrowings | | 0 | 0 |
| PFI & finance lease obligations | | 6,510 | 6,510 |
| Other financial liabilities | 0 | 0 | 0 |
| Total at 31 March 2013 | 0 | 6,510 | 6,510 |
| Embedded derivatives | 0 | | 0 |
| NHS payables | | 0 | 0 |
| Non-NHS payables | | 0 | 0 |
| Other borrowings | | 0 | 0 |
| PFI & finance lease obligations | | 6,694 | 6,694 |
| Other financial liabilities | 0 | 0 | 0 |
| Total at 31 March 2012 | 0 | 6,694 | 6,694 |

37. Related party transactions

Somerset Primary Care Trust is a body corporate established by order of the Secretary of State for Health. The Trust had related party transactions with the following individuals under normal business transactions.

| 31 March 2013 | Payments to Related Party £000 | Receipts from Related Party £000 | Amounts owed to Related Party £000 | Amounts due from Related Party £000 |
|--|--------------------------------------|--|---|--|
| Chairman Jane Barrie is a patron of St Margaret's Hospice Taunton, President of Care Focus Somerset and Board Member for the NHS Confederation Primary Care Trust Network. In the year the PCT paid for services against these organisations of: | | | | |
| St Margaret's Hospice | 2,511 | 0 | 77 | 0 |
| Care Focus Somerset | 94 | 0 | 20 | 0 |
| NHS Confederation Primary Care Trust Network | 13 | 0 | 0 | 0 |
| Non Executive Director John Bloomfield's daughter is employed within the Human Resources department of Yeovil District Hospital NHS Foundation Trust and his son-in-law is a solicitor for Beachcroft LLP. In the year the PCT paid for services against these organisations of: | | | | |
| Yeovil District Hospital NHSFT | 84,502 | 37 | 58 | 1,315 |
| Beachcroft LLP | 4 | 0 | 0 | 0 |
| Non Executive Director Lou Evans' wife is employed as an Occupational Therapist by Somerset Partnership NHS Foundation Trust. In the year the PCT paid for services against this organisation of: | | | | |
| Somerset Partnership NHSFT | 135,304 | 4,447 | 464 | 2 |
| Joint Director of Public Health Dr Caroline Gamlin is a Governor of Yeovil District Hospital NHS Foundation Trust and is Director of Public Health for Somerset County Council. In the year the PCT paid for services against these organisations of: | | | | |
| Yeovil District Hospital NHSFT | 84,502 | 37 | 58 | 1,315 |
| Somerset County Council | 41,530 | 1,789 | 951 | 76 |
| Acting Director of Public Health Trudi Grant is an observer on the Board of Somerset Activity and Sports Partnership. In the year the PCT paid for services against these organisations of: | | | | |
| Somerset Activity and Sports Partnership | 77 | 0 | 0 | 0 |
| Non Executive Director Andrew Govier is a member of Taunton Deane Borough Council and Somerset County Council. In the year the PCT paid for services against these organisations of: | | | | |
| Somerset County Council | 41,530 | 1,789 | 951 | 76 |
| Taunton Deane Borough Council | 51 | 0 | 0 | 4 |
| Deputy Chief Executive Jan Hull is a Governor of Taunton and Somerset NHS Foundation Trust. In the year the PCT paid for services against this organisation of: | | | | |
| Taunton & Somerset NHSFT | 195,967 | 371 | 506 | 301 |
| Chairman of the Professional Executive Committee Dr Donal Hynes is a General Practitioner at Redgate Medical Centre Bridgwater and Vice Chair and National Orthopaedics Lead of the NHS Alliance. In the year the PCT paid for services against these organisations of: | | | | |
| Redgate Medical Centre, Bridgwater | 1,486 | 0 | 79 | 0 |
| NHS Alliance | 1 | 0 | 0 | 0 |
| Chief Executive Ian Tipney's son is employed by Dorset Healthcare NHS Foundation Trust as a Business Manager. In the year the PCT paid for services against this organisation of: | | | | |
| Dorset Healthcare NHSFT | 254 | 8 | 43 | 1 |

37. Related party transactions (continued)

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

| | Payments to Related Party £000 | Receipts from Related Party £000 | Amounts owed to Related Party £000 | Amounts due from Related Party £000 |
|---|--------------------------------------|--|---|--|
| ENGLISH PRIMARY CARE TRUSTS | | | | |
| Bath and North East Somerset Primary Care Trust | 29 | 41 | 0 | 0 |
| Bristol Primary Care Trust | 56,573 | 2,019 | 232 | 0 |
| Devon Primary Care Trust | 0 | 81 | 0 | 51 |
| Dorset Primary Care Trust | 79 | 157 | 2 | 16 |
| North Somerset Primary Care Trust | 11 | 37 | 13 | 0 |
| South Gloucestershire Primary Care Trust | 0 | 0 | 0 | 0 |
| Wiltshire Primary Care Trust | 2 | 15 | 0 | 0 |
| ENGLISH STRATEGIC HEALTH AUTHORITIES | | | | |
| South West Strategic Health Authority | 138 | 4,276 | 55 | 42 |
| ENGLISH FOUNDATION TRUSTS | | | | |
| Dorset County Hospitals NHS Foundation Trust | 2,637 | 248 | 11 | 128 |
| Dorset Healthcare NHS Foundation Trust | 254 | 8 | 43 | 1 |
| Royal Devon and Exeter NHS Foundation Trust | 6,607 | 4 | 24 | 2 |
| Royal National Hospital for Rheumatic Diseases NHS Foundation Trust | 2,172 | 0 | 8 | 0 |
| Salisbury Health Care NHS Foundation Trust | 632 | 0 | 0 | 0 |
| Somerset Partnership NHS Foundation Trust | 135,304 | 4,447 | 464 | 2 |
| South West Ambulance Service NHS Foundation Trust | 24,016 | 3 | 47 | 0 |
| Taunton and Somerset NHS Foundation Trust | 195,967 | 371 | 506 | 301 |
| University Hospitals Bristol NHS Foundation Trust | 15,721 | 95 | 419 | 1 |
| University Hospital Southampton NHS Foundation Trust | 223 | 5 | 2 | 0 |
| Yeovil District Hospital NHS Foundation Trust | 84,502 | 37 | 58 | 1,315 |
| ENGLISH NHS TRUSTS | | | | |
| Avon and Wiltshire Mental Health Partnership NHS Trust | 43 | 1 | 0 | 0 |
| North Bristol NHS Trust | 8,069 | 634 | 624 | 157 |
| Northern Devon Healthcare NHS Trust | 537 | 0 | 0 | 21 |
| Plymouth Hospitals NHS Trust | 322 | 7 | 140 | 1 |
| Royal United Hospital Bath NHS Trust | 24,769 | 0 | 296 | 0 |
| Weston Area Health NHS Trust | 14,731 | 0 | 183 | 0 |

In addition, the Primary Care Trust has had a significant number of material transactions with other Government Departments and other central and local Government bodies. These transactions have been with Somerset County Council, National Insurance Fund, NHS Pension Scheme and Her Majesty Revenue and Customs.

37. Related party transactions (continued)**Prior Year Comparators:**

Somerset Primary Care Trust is a body corporate established by order of the Secretary of State for Health. The Trust had related party transactions with the following individuals under normal business transactions.

| | 2011/12 | 2010/11 |
|---|---------|---------|
| Dr D Hynes - Redgate Medical Centre | ✓ | ✓ |
| Dr H C Sampson - Burnham Medical Centre | ✓ | ✓ |
| Dr G Sharp - Park Medical Practice | ✓ | ✓ |

| 31 March 2012 | Payments to Related Party £000 | Receipts from Related Party £000 | Amounts owed to Related Party £000 | Amounts due from Related Party £000 |
|--|--------------------------------------|--|---|--|
| Chairman Jane Barrie is a patron of St Margaret's Hospice Taunton, President of Care Focus Somerset and Board Member for the NHS Confederation Primary Care Trust Network. In the year the PCT paid for services against these organisations of: | | | | |
| St Margaret's Hospice | 2,684 | 0 | 748 | 0 |
| Care Focus Somerset | 1 | 0 | 0 | 0 |
| NHS Confederation Primary Care Trust Network | 16 | 0 | 0 | 0 |
| Non Executive Director John Bloomfield's daughter is employed within the Human Resources department of Yeovil District Hospital NHS Foundation Trust and his son-in-law is a solicitor for Beachcroft LLP. In the year the PCT paid for services against these organisations of: | | | | |
| Yeovil District Hospital NHSFT | 80,267 | 17 | 1,074 | 17 |
| Beachcroft LLP | 8 | 0 | 0 | 0 |
| Non Executive Director Lou Evans' wife is employed as an Occupational Therapist by Somerset Partnership NHS Foundation Trust. In the year the PCT paid for services against this organisation of: | | | | |
| Somerset Partnership NHSFT | 130,394 | 5,265 | 421 | 2,001 |
| Joint Director of Public Health Dr Caroline Gamlin is a Governor of Yeovil District Hospital NHS Foundation Trust and is Director of Public Health for Somerset County Council. In the year the PCT paid for services against these organisations of: | | | | |
| Yeovil District Hospital NHSFT | 80,267 | 17 | 1,074 | 17 |
| Somerset County Council | 42,884 | 645 | 1,509 | 107 |
| Non Executive Director Andrew Govier is a member of Taunton Deane Borough Council and Somerset County Council. In the year the PCT paid for services against these organisations of: | | | | |
| Somerset County Council | 42,884 | 645 | 1,509 | 107 |
| Taunton Deane Borough Council | 61 | 4 | 0 | 1 |
| Deputy Chief Executive Jan Hull is a Governor of Taunton and Somerset NHS Foundation Trust. In the year the PCT paid for services against this organisation of: | | | | |
| Taunton & Somerset NHSFT | 195,405 | 435 | 3,147 | 303 |
| Chairman of the Professional Executive Committee Dr Donal Hynes is a General Practitioner at Redgate Medical Centre Bridgwater and Vice Chair and National Orthopaedics Lead of the NHS Alliance. In the year the PCT paid for services against these organisations of: | | | | |
| Redgate Medical Centre, Bridgwater | 1,484 | 0 | 23 | 0 |
| NHS Alliance | 1 | 0 | 0 | 0 |
| Chief Executive Ian Tipney's son is employed by Dorset Healthcare NHS Foundation Trust as a Business Manager. In the year the PCT paid for services against this organisation of: | | | | |
| Dorset Healthcare NHSFT | 185 | 2 | 96 | 0 |

37. Related party transactions (continued)**Prior Year Comparators:**

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

| | Payments to Related Party £000 | Receipts from Related Party £000 | Amounts owed to Related Party £000 | Amounts due from Related Party £000 |
|---|--------------------------------------|--|---|--|
| ENGLISH PRIMARY CARE TRUSTS | | | | |
| Bath and North East Somerset Primary Care Trust | 319 | 35 | 4 | 8 |
| Bristol Primary Care Trust | 43,648 | 65 | 0 | 197 |
| ENGLISH STRATEGIC HEALTH AUTHORITIES | | | | |
| South West Strategic Health Authority | 45 | 4,266 | 10 | 7 |
| ENGLISH FOUNDATION TRUSTS | | | | |
| Dorset County Hospitals NHS Foundation Trust | 3,277 | 224 | 109 | 224 |
| Great Western Hospital NHS Foundation Trust | 2,912 | 98 | 17 | 92 |
| Royal Bournemouth and Christchurch NHS Foundation Trust | 220 | 0 | 26 | 0 |
| Royal Devon and Exeter NHS Foundation Trust | 7,309 | 42 | 0 | 68 |
| Royal National Hospital for Rheumatic Diseases NHS Foundation Trust | 2,209 | 0 | 117 | 0 |
| Salisbury Health Care NHS Foundation Trust | 765 | 0 | 0 | 47 |
| Somerset Partnership NHS Foundation Trust | 130,394 | 5,265 | 421 | 2,001 |
| South West Ambulance Service NHS Foundation Trust | 23,281 | 3 | 91 | 0 |
| Taunton and Somerset NHS Foundation Trust | 195,405 | 435 | 3,147 | 303 |
| University Hospitals Bristol NHS Foundation Trust | 15,562 | 10 | 547 | 0 |
| University Hospital Southampton NHS Foundation Trust | 576 | 0 | 11 | 0 |
| Yeovil District Hospital NHS Foundation Trust | 80,267 | 17 | 1,074 | 17 |
| ENGLISH NHS TRUSTS | | | | |
| North Bristol NHS Trust | 6,630 | 671 | 186 | 671 |
| Northern Devon Healthcare NHS Trust | 600 | 0 | 84 | 0 |
| Plymouth Hospitals NHS Trust | 325 | 5 | 0 | 0 |
| Royal United Hospital Bath NHS Trust | 24,236 | 0 | 332 | 0 |
| Weston Area Health NHS Trust | 14,360 | 1 | 181 | 1 |

In addition, the Primary Care Trust has had a significant number of material transactions with other Government Departments and other central and local Government bodies. These transactions have been with Somerset County Council, National Insurance Fund, NHS Pension Scheme and Her Majesty Revenue and Customs.

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 | 0 | 0 |
| Special payments - PCT management costs | 37,764 | 6 |
| Losses in respect of the provision of family practitioner services | 0 | 0 |
| Special payments in respect of the provision of family practitioner services | 0 | 0 |
| Total losses | 0 | 0 |
| Total special payments | 37,764 | 6 |
| Total losses and special payments | <u>37,764</u> | <u>6</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 | 22,133 | 42 |
| Special payments - PCT management costs | 5,317 | 6 |
| Losses in respect of the provision of family practitioner services | 0 | 0 |
| Special payments in respect of the provision of family practitioner services | 0 | 0 |
| Total losses | 22,133 | 42 |
| Total special payments | 5,317 | 6 |
| Total losses and special payments | <u>27,450</u> | <u>48</u> |

There were no individual cases in 2012-13 or 2011-12 over £250,000.

39 Third party assets

The PCT did not hold any cash or cash equivalents at 31 March 2013 on behalf of patients (£0 at 31 March 2012).

40 Pooled budgets

Somerset PCT has a pooled budget arrangement with Somerset County Council. This is hosted by Somerset County Council.

2012/2013 POOLED BUDGET MEMORANDUM OF ACCOUNTS

| Integrated Community Equipment Service | 2011/12 | 2012/13 |
|---|------------------|------------------|
| | £ | £ |
| Income from: | | |
| Community Services Directorate | 1,199,300 | 1,200,300 |
| Children & Young Person Directorate | 184,887 | 206,217 |
| NHS Somerset (Inclu. CHC Inc) ¹ | 1,194,940 | 1,243,862 |
| Other Income | 2,901 | 912 |
| Personalising Care | 37,731 | 95,000 |
| Total funding | 2,619,759 | 2,746,291 |
| Expenditure: | | |
| Equipment, Delivery, Minor Works ² | 2,665,598 | 3,034,323 |
| Management and Administration | 85,587 | 72,923 |
| Total Expenditure | 2,751,185 | 3,107,246 |
| Variation | 131,426 | 360,955 |

3

Notes:

- 1 Includes £204,253 CHC Income for which a debtor accrual has been made
- 2 Includes £187,687 Creditor Provision and £204,342 Debtor Provision.
- 3 50% of the overspend relates to NHS Somerset funding.

| Substance Misuse | 2011/12 | 2012/13 |
|---------------------------------|------------------|------------------|
| | £ | £ |
| Income from: | | |
| Community Services Directorate | 931,500 | 881,500 |
| NHS Somerset (inclu. NTA) | 3,969,457 | 4,050,686 |
| Probation | 35,625 | 35,625 |
| DIP Grant | 277,959 | 269,807 |
| Avon and Somerset Constabulary | 58,203 | 58,203 |
| CDRPs (and other contributions) | 0 | 0 |
| Other Grants | 0 | 0 |
| Funding Carried Forward | 333,900 | 0 |
| Total Funding | 5,606,644 | 5,295,821 |
| Expenditure: | | |
| Turning Point (Inclu. CAP) | 4,116,496 | 3,951,262 |
| Pharmacy Related Spend | 213,478 | 246,852 |
| DRR Provision | 88,000 | 88,000 |
| Shared Care Services | 172,819 | 77,736 |
| Consultant Psychiatrist | 94,143 | 94,140 |
| Accommodation/Alcohol Services | 429,470 | 54,090 |
| User & Carer costs | 30,878 | 29,874 |
| Management & Administration | 282,040 | 277,209 |
| Other Expenditure | 38,565 | 110,350 |
| Total Expenditure | 5,465,889 | 4,929,513 |
| Variation | -140,755 | -366,308 |

Notes:

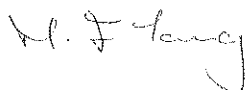
- 1 Creditor Provision of £14,352 has been made.
- 2 No Debtor Provision has been made.
- 3 £366,308 will be carried forward into 2013/14 via an earmarked reserve

40 Pooled budgets (continued)

| Learning Disabilities Services | 2011/12 | 2012/13 |
|--|-------------------|-------------------|
| | £ | £ |
| Income from: | | |
| Community Services Directorate | 37,710,700 | 41,068,700 |
| Pensions Equalisation Reserve | 405,000 | 392,000 |
| NHS Somerset | 15,558,150 | 15,924,580 |
| Income From Charges & Grant Income | 7,539,107 | 5,510,988 |
| Total Funding | 61,212,957 | 62,896,268 |
| Expenditure: | | |
| Purchasing (Independent Sector) | 24,835,742 | 29,207,370 |
| Residential Services | 9,559,071 | 9,581,194 |
| Supported Housing | 15,895,876 | 15,624,604 |
| Day Services | 5,890,605 | 5,736,145 |
| Community Teams | 2,979,697 | 2,981,961 |
| Total Expenditure | 59,160,991 | 63,131,275 |
| Variation | -2,051,966 | 235,007 |
| Notes: | | |
| 1 Creditor Provision of £2,397,598 has been made. | | |
| 2 Debtor Provision of £537,931 has been made. | | |
| 3 The NHS' share of the overspend is £58,752. An invoice will be raised for this amount. | | |

Certificate of Group Manager - Finance, Community Services Directorate

I certify that the above pooled budget memorandum of accounts accurately discloses the income received and expenditure incurred in accordance with the partnership agreement, as amended by any subsequent agreed variations, entered into under section 75 of the National Health Service Act 2006.



.....
 Martin Young
 Finance Group Manager - Community Directorate
 Somerset County Council

41 Cashflows relating to exceptional items

There are no cash flow movements relating to exceptional items.

42.1 Events after the end of the reporting period

The main functions carried out by Somerset PCT in 2012-13 are to be carried out in 2013-14 by the following Public Sector bodies:

Successor Bodies:

NHS England

NHS Somerset Clinical Commissioning Group
 Somerset County Council
 NHS Property Services

Public Health England
 Department of Health
 Somerset Partnership NHS Foundation Trust

Key Function Transferred include:

Primary Care Commissioning, Specialist
 Commissioning and Public Health Programmes

Commissioning Healthcare, GP Prescribing and
 Out of Hours Services
 Health Improvement and Wellbeing
 Estate Management

Dental public health leadership, Emergency
 Planning and the Primary Care Quality and
 Outcomes Framework Public Health indicators
 for health inequalities priorities
 Transfer of assets (liabilities)
 Transfer of assets (liabilities)

APPENDIX 1

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

2012-13 Annual Accounts of Somerset Primary Care Trust

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

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

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

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

Signed.....*AB Farnsworth*.....Designated Signing Officer

Name: *AB FARNSWORTH*

Date.....*22nd May 2013*.....

APPENDIX 2

**STATEMENT OF RESPONSIBILITIES
IN RESPECT OF THE ACCOUNTS**

2012-13 Annual Accounts of Somerset Primary Care Trust

STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

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

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

By order of the Permanent Secretary.

22nd May 2013 Date *AB Farnworth* Signing Officer

23rd May 2013 Date *Neil Kennedy* Finance Signing Officer

APPENDIX 3

**GOVERNANCE STATEMENT
FOR THE PERIOD ENDING 31 MARCH 2013**

ANNUAL GOVERNANCE STATEMENTS

Insert name of organisation: SOMERSET PRIMARY CARE TRUST

Organisation Code 5QL

1 Scope of responsibility

Chief Executive

- 1.1 As Accountable Officer and Chief Executive of the Somerset Primary Care Trust Board I am responsible for the overall performance of the executive functions of Somerset Primary Care Trust. I also have responsibility for ensuring the discharge of obligations under Financial Directions and in line with the requirements of the Accountable Officer Memorandum for Primary Care Trust Chief Executives.
- 1.2 As Cluster Chief Executive I am the Accountable Officer for the Primary Care Trust within the Somerset cluster. My role is to lead and direct the organisation during the period of transition, whilst ensuring that the future organisational model for commissioning meets the needs of the local population.
- 1.3 As Cluster Chief Executive I am specifically accountable for delivering strong financial and operational performance during the transition period together with leading the implementation of key aspects of the NHS reform and transition programme
- 1.4 As Cluster Chief Executive I am accountable to the NHS Commissioning Board for the following:
- facilitating the development of the Somerset Clinical Commissioning Group and Health and Wellbeing Board
 - holding the Somerset Clinical Commissioning Group and Health and Wellbeing Board to account
 - providing commissioning support services to the Somerset Clinical Commissioning Group
- 1.5 As Cluster Chief Executive I provide leadership whilst developing and implementing local and national strategies ensuring that agreed plans are effectively delivered. I also ensure that a framework of effective controls

exists which enable risks to be assessed and managed.

1.6 As Cluster Chief Executive I am the accountable officer for the PCT Cluster and am accountable to the NHS Commissioning Board for delivering the responsibilities of the cluster:

- ensuring optimal Primary Care Trust operational performance
- setting the strategic direction, with the Board and articulating a compelling vision for the future in the context of the wider health and social care system
- ensuring organisational capabilities of the cluster
- developing positive sustainable relationships with partner organisations and wider stakeholders in place
- leading the cluster workforce during the period of transition.

2 The Governance Framework of the organisation

Membership of the Board

2.1 In accordance with the Membership and Procedure Regulations, the composition of the Board is:

- the Chairman of Somerset Primary Care Trust (appointed by the NHS Appointments Commission)
- four Non Executive Directors (appointed by the NHS Appointments Commission).
- five officer members including:
 - * the Chief Executive
 - * the Deputy Chief Executive
 - * the Joint Director of Public Health
 - * the Chairman of the Professional Executive Committee
 - * the Director of Finance
- Of the persons who are officer members by virtue of being the Chairman of the Professional Executive Committee or who are appointed by the Chairman of Somerset Primary Care Trust one is a medical practitioner

3 Board Competency and Compliance Assessment

3.1 Organisational structure and accountabilities are clear and well defined. Capacity/ capability gaps have been identified at all levels of the organisation with actions, expected outcomes and timescales. The PCT clearly articulates its values to stakeholders. The Organisational

- Development plan includes an assessment of staff survey and actions to address issues for development.
- 3.2 All Non-Executive Directors, including the Chairman are members of the Remuneration and Terms of Service Committee. This Committee is responsible for appraising the performance of the Chief Executive and Executive Directors.
- 3.3 There were six other committees of the Board during 2012/13 the membership of which included Executive and Non Executive Directors:
- Audit Committee
 - Functions and Delegations Committee
 - Integrated Governance Committee
 - Somerset Clinical Commissioning Group (established June 2012)
 - Practice Based Commissioning Approvals Committee (concluded May 2012)
 - Professional Executive Committee
- 3.4 Reports presented to the Board include identified risks and actions identified to address or mitigate them (e.g. monthly finance and performance reports include assessment of risk in provided and commissioned services). There is clinical input in contract review meetings. All strategic documents and finance and performance reports are reviewed by the Professional Executive Committee (PEC). PEC effectiveness and clinical engagement is reviewed via the Board Seminar Programme and in meetings between the Chair, CE and PEC Chair.
- 3.5 The Board and PEC receives performance and quality information through monthly finance and performance reports and quarterly extended performance reports (including detailed quality reports with health inequalities, patient safety and patient experience, and identified health needs and inequalities).
- 3.6 The performance management framework reflects the PCT's key priorities and measures performance against quality, clinical, service and financial KPIs, including assessment of performance against existing and national targets. These are supported by detailed performance reports that focus on wider quality performance targets and actions being taken to address underperformance issues. The PCT reviews performance issues with providers through contract meetings which inform Board level reporting and confirm proposed actions and responsible officers. The PCT has taken action on 18 weeks issues with the two Foundation Trusts using escalation as required, including working with the hospitals on capacity usage.
- 3.7 Clear commissioning arrangements are in place for the Somerset Clinical Commissioning Group including an approved scheme of delegation, and finance and performance reports to the Board and the Chief Executive. Governance arrangements for jointly commissioned services are agreed

through Programme Boards and business cases approved through the Board. Collaborative commissioning groups (e.g., Avon, Somerset and Wiltshire cancer services) are in place.

3.8 The Board is engaged and has a clear understanding of the key pressures facing the organisation (e.g., organisational reform, embedding relationships, growth in the population, pressures of Continuing Healthcare and working with the Acute providers).

3.9 Attendance at the Board is recorded in the minutes and full membership of the Board has been present at the majority of Board meetings and seminars in 2012/13

3.10 Regular reports are presented to the Board to provide assurance on all Trust business and include:

- strategic planning
- patient safety and quality of clinical care
- Care Quality Commission inspection reports
- Organisational development, workforce planning and management
- performance management and the achievement of national and local NHS targets e.g. waiting times, access, Information Governance, sustainability, FOI, Complaints and PALS, Data Protection,
- financial management reports
- patient engagement
- stakeholder engagement
- emergency planning including participation in national and local exercises
- management of estates
- business continuity
- compliance with the NHS Constitution
- identified risks and action to address or mitigate the risks
- development of Clinical Commissioning

3.11 The Board's performance of effectiveness and capability is subject to continuous assessment including regular Board to Board assessment meetings with the Strategic Health Authority. From these assessments I am able to report that Somerset PCT Board has been regularly assessed as being an effective and intelligent Board.

3.12 Upon the demise of Somerset PCT on 31 March 2013, closing balances will transfer to a variety of receiving organisations; primarily residing where the associated function transfers. Somerset PCT has identified the receiver organisations for assets and liabilities which are included within a series of transfer schemes. Local arrangements have been established to ensure closing balances are appropriately disaggregated and analysed across receiving organisations, with supporting documentation in a state to be transferred completely and accurately. A series of meeting with the Boards of receiving organisations have taken place during 2012/13. A

detailed Quality Handover document has been prepared by Somerset PCT as part of the process to ensure that the quality and safety of patient care is maintained and improved during the transition period. The document sets out for successor/receiver organisations the key risks, challenges, achievements and ambitions for the quality and safety of patient care in Somerset, in preparation for the handover from the PCT.

3.13 From 1 April 2013 when PCT's are abolished, NHS England Area Team Directors continue to discharge the responsibilities associated with the closedown, until completion. Supported by LAT Directors of Finance responsibilities include:

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

Anthony Farnsworth NHS Area Team Director (Bristol, North Somerset, Somerset and South Gloucestershire) will discharge these responsibilities for Somerset PCT, supported by his Director of Finance Neil Kemsley.

4 Corporate Governance

4.1 In line with the Integrated Governance Handbook 2006, the Primary Care Trust has an established Integrated Governance Committee to ensure that controls are in place and are operating efficiently and effectively, in order to deliver the Primary Care Trust's principal objectives (arising from the national priorities outlined in the NHS Operating Framework 2012/13), minimising the exposure of the Trust to corporate, financial and clinical risks and to set in place processes to manage identified risks

4.2 The Integrated Governance Committee has delegated powers of responsibility from the Board to:

- support the development and implementation of an integrated governance strategy to enable the Trust Board to meet its legal and statutory requirements, clinical, quality and financial objectives and to meet national standards
- ensure that Somerset Primary Care Trust has an appropriate, up to date and co-ordinated range of systems, policies and procedures in place to manage all risk
- enable the Trust Board to fulfil its responsibility to manage operational risk by providing evidence of compliance with risk management processes

- ensure that the Assurance Framework accurately records the Trust's objectives and that associated risks are identified together with the measures and controls to manage these principal risks
- support the Audit Committee in its role to:
 - * review all risk and control related disclosure statements (in particular the Statement on Internal Control and declarations of compliance)
 - * review the underlying assurance processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements
 - * review the policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements
- regularly review and scrutinise all areas for compliance against the regulatory requirements of the Care Quality Commission, including clinical governance, infection control and associated clinical risk
- seek to ensure that the public are, directly or through representatives, involved in and consulted on aspects relating to governance

5 Audit Committee

- 5.1 The Audit Committee is responsible for seeking assurance and overseeing Internal and External Audit services, reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments. The committee reviews the system of integrated governance, risk management and internal control, across the whole of the organisation's activities.
- 5.2 The Audit Committee regular reports are received from Internal and External audit, Counter fraud and the Integrated Governance Committee.
- 5.3 The Audit Committee supports the view that fraud against the NHS will not be tolerated. All genuine suspicions of fraud are investigated and if proven the strongest sanctions are sought against the perpetrators.
- 5.4 The Local Counter Fraud Specialist (LCFS) is responsible for tackling fraud, corruption and bribery affecting the Trust. A comprehensive programme of counter fraud work was delivered in 2012/13 addressing all 7 generic areas of the national counter fraud strategy.
- 5.5 The Trust has historically taken a very robust approach to counter fraud work, the LCFS is well resourced in terms of work plan days and the Audit Committee and senior management throughout the organisation understand the importance of counter fraud work and fully support the LCFS and Director of Finance in conducting that work.

5.6 The LCFS has developed key relationships with the following teams/directorates, Human Resources, Recruitment, Payroll, Risk Management and Communications. These relationships coupled with the significant work done by the LCFS to develop an anti-fraud culture have resulted in good quality referrals being made to the LCFS. This in turn has resulted in a good proportion of cases concluding in civil, criminal and/or disciplinary sanctions. Where possible these sanctions are publicised within the organisation to give staff confidence that robust action is taken when allegations of fraud are made, this also has a significant deterrence effect on other employees and prevents other incidents of fraud.

5.7 The LCFS investigated nine new allegations of fraud relating to the Trust in 2012/13 and concluded two investigations that had commenced in 2011/12. Criminal sanctions were imposed in relation to one investigation where evidence of fraud was found and an individual accepted a police caution in relation to the case. As a direct result of LCFS work in 2012/13, £7,084 has been identified as recoverable in relation to one investigation, and the Trust is currently seeking recovery in that case.

6 Risk Assessment

6.1 A clear understanding of the key strategic objectives and a commitment to corporate governance will ensure that risk analysis and management are applied throughout the organisation.

6.2 The PCT annually revised Risk Management Strategy endeavours to promote a culture whereby patient safety is at the heart of all clinical practice and all staff are open to sharing learning from the experiences related to the management of risk.

6.3 The Risk Management Strategy and Policy supports the adoption of a no blame culture regarding the reporting of adverse incidents.

6.4 The purpose of the Risk Management Strategy and Policy is to:

- demonstrate an organisational risk management structure that details all the committees / sub-committees / groups / forums which have shared responsibility for managing risk across the organisation
- approve and monitor the risk management programme and the Primary Care Trust's policies and procedures for the management of risk
- outline a process which ensures that the Board undertake regular review of their Corporate Risk Register and Assurance Framework
- ensure demonstration of the development of a system for implementation of seamless risk management strategies in all areas of the organisation including business planning and planned

developments

- identify within the strategy documentation and process, roles and responsibilities of the key individual(s) in post with responsibility for advising on and co-ordinating risk management activities
- identify within the strategy documentation the respective roles, responsibilities and accountability undertaken by the executive, lead officers and non-executive leads for each area of risk
- identify the responsibilities of all managers and staff and their authority with regard to managing risk
- outline the process for risk assessment for all types of risk

6.5 The PCT is committed to maintaining a sound system of internal control including risk management. By doing this, the organisation aims to ensure that they are able to maintain a safe environment for patients, staff and visitors, minimise financial loss to the organisation and demonstrate to the public that it is a safe and efficient organisation.

6.6 The PCT recognises that the strategic benefits to be achieved through risk management which include:

- improved corporate decision making through the high visibility of risk exposure, both for individual activities and major projects, across the whole of the organisation
- a progressive management style and a culture of continuous improvement that is enhanced by the encouragement of openness in relation to risk
- the objectives of the organisation and its stakeholders are more likely to be realised through the early identification and proactive management of threats to cost, time and performance
- the needs of corporate governance are met by embedding the management of risk processes which provide a clear message and directives
- there is a clear ownership and accountability for risks and their management so that they are effectively monitored and proactively managed
- financial benefit to the organisation through improved "value for money" potential and better management of project and programme

finance

- management of project risk is carried out within the wider context of programmes, thus minimising the risk of individual project failure through greater visibility of the potential impact of other projects
- consistency of approach through high-level monitoring and direction
- creation of an environment for the conscious acceptance of business risk on an informed basis
- improved contingency plans and business continuity plans
- better awareness in all personnel of the cost and benefit implications of their actions

6.7

The following methods are to be used in the identification and management of risk:

- maintenance of an organisation wide risk register
- involvement of all staff in the assessment of risk
- ongoing analysis of clinical risk
- identifying new risks from significant events and near misses
- root cause analysis of significant events
- identifying new risks from national reporting e.g. Central Alert System (CAS), Chief Medical Officer (CMO) Alerts, National Reporting Learning System (NRLS), Medicines and Healthcare Products Regulatory Agency (MHRA)
- Clinical Negligence Scheme for Trust (CNST) standards and risk management reports

6.8

The overall PCT committee level responsibility for risk management rests with the Integrated Governance Committee. Other Committees with responsibility for risk management are the:

- Audit Committee
- Professional Executive Committee
- Executive Management Team
- Patient Safety and Quality Assurance Committee

- Health and Safety and Environment Committee
- Information Governance and Health Records and Caldicott Committee
- Infection Prevention and Control Sub-Committee

6.9 Staff are involved in risk management both through the incident reporting process and the proactive management of risk which includes risk management issues identified on agendas and reports to the Committee's)

6.10 The PCT risk and control framework is based on the methodology and principles outlined in the publications:

- Integrated Governance Handbook 2006
- A risk matrix for risk managers – NPSA January 2008
- The Intelligent Board 2010

6.11 The PCT procedural documents support the risk management and assurance processes and these include:

- Serious Untoward Incident Policy
- Counter Fraud Single Liaison Policy
- Being Open Policy
- Acceptance of Gifts, Hospitality and Sponsorship Policy
- Incident Reporting Policy
- Strategy for Improving Health and Health Inequalities
- Equality and Diversity Strategy
- Sustainability Development and Carbon Management Strategy
- Major Incident Plan
- Fraud Response Plan
- Standing Orders, Scheme of Delegation and Standing Financial Instructions
- Security Management Policy

- Health and Safety Policy
- Whistleblowing (Raising Concerns) Policy

6.12 In the period October to 20 February 2012/13, the following new risk was identified:

- Patient Transport Services: relating to the contract with South Western Ambulance Services NHS Foundation Trust, which was scheduled to end on 31 March 2013, but has been addressed through a contract extension. Arrangements for the future are being progressed).

6.13 At the end of Quarter 4 2012/13, two further risks were identified:

- NHS 111
- Continuing Healthcare Retrospective Reviews

6.14 The residual PCT risks and those newly identified at 6.13 are included on the transitional risk register for the CCG.

6.15 No lapses in data security for the PCT were reported during the year:

7 Review of the effectiveness of risk management and internal control

7.1 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 Opinion of the Head of Internal Audit has provided full assurance on the controls for 2012/13. 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:

- reports from RSM Tenon, the Primary Care Trust's Internal Auditors including:
 - * stocktake of assurances 2012/13 relating to closedown
- reports from the Local Counter Fraud Service
- reports from the Security Management Service
- reports from the Patient and Environment Action Team

- performance reviews by the Strategic Health Authority on the performance of the Primary Care Trust
- the Estates Return Information Collection report
- external audit report on:
 - * stocktake of assurances 2012/13 relating to closedown
- internal self assessments and reviews by the Strategic Health Authority
- inspection reviews by the Care Quality Commission

7.2 I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit Committee, the Integrated Governance Committee and the Professional Executive Committee which report to the Board. A plan is in place to ensure continuous improvement of the system.

7.3 The Audit Committee received the Head of Internal Audit's report on the Assurance Framework as part of the internal audit programme 2012/13. No significant issues or gaps in assurance were identified in the PCT risk management and assurance systems or processes within the audit. The Board can take substantial assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective.

7.4 The Primary Care Trust has ensured that internal controls have been monitored and reviewed in the year, by:

- external and internal audit reports and action plans are submitted to the Audit Committee on a regular basis, with the minutes and action plans taken to the Board
- reports made by the Local Counter Fraud on proactive investigations, suspected frauds or irregularities within the Trust or within the country which may have an impact upon the trust
- reports made by the Security Management service on security incidents, violence occurring against staff and the effectiveness of relevant Primary Care Trust controls and systems
- developing and maintaining an Assurance Framework, with officers identifying key controls relied upon and an action list where risks remain

- work on risk which is monitored and reviewed by the Integrated Governance Committee, with minutes passed to the Board
- monitoring and investigating complaints - which are reported at the Integrated Governance Committee, with minutes and action plans passed to the Board. Issues about risks and systems are actioned by appropriate lead officers. The Primary Care Trust publishes an annual Complaints and Commendations report
- monitoring issues arising from the Patient Advisory Liaison Service (PALS) and the impact these may have on systems and internal controls. Issues are reported regularly to the Integrated Governance Committee and six-monthly to the Board. The Trust publishes an annual PALS report
- regular reporting of the financial position of the Primary Care Trust to the Board
- quarterly reporting to the Primary Care Trust Board of the performance position against principal national and local targets
- reporting on the performance of the Primary Care Trust to the Professional Executive Committee and the Board
- weekly meetings of the Executive Management Team to discuss performance and key requirements of the organisation, including risk management and internal controls
- the Integrated Governance Committee receives reports on progress against actions planned against identified risk across the organisation. It is the responsibility of the Associate Director of Corporate Services and Governance and all Directors to progress identified actions in accordance with the Risk Register and associated action plans

7.5 Over the last six years the level of investment in Somerset's health services has been remarkable. Three of the county's 13 community hospitals have been replaced in Frome, Minehead and South Petherton and building work on the new Bridgwater Community Hospital is well underway for completion in the autumn of 2014. Over two thirds of the county's 76 GP practices have been rebuilt, extended or refurbished.

7.6 Since its establishment in 2006 NHS Somerset has had three main objectives:

- to improve health and reduce health inequalities
- to eliminate waiting
- to improve health services.

These objectives have been achieved through sound governance and

strong financial planning.

7.7 My review confirms that Somerset Primary Care Trust has a generally sound system of internal control that supports the achievement of its policies, aims and objectives.

8 Significant Governance Issues

8.1 In response to the CQC/Ofsted inspection and also some of the key determinants for developing the future strategy for Safeguarding and Looked After Children a new Director of Children's Services will commence on 15 April 2013 and in addition, Somerset County Council are recruiting a Deputy Director who also starts in April. Both new members of staff have strong social care backgrounds.

8.2 Significant progress had been made in a number of areas but there is still more to do and it is important there is a very strong partnership arrangement between health and the Local Authority, to improve the standards of care.

8.3 From 1 April 2013 Somerset Clinical Commissioning Group take on full responsibility and membership of the Service Improvement Board.

Accountable Officer : *A.S. FARNSWORTH*

Organisation: Somerset Primary Care Trust

Signature

A.S. Farnsworth

Date

22nd May 2013

APPENDIX 4

**HEAD OF INTERNAL AUDIT OPINION OF THE EFFECTIVENESS OF
THE SYSTEMS OF INTERNAL CONTROL AT
SOMERSET PRIMARY CARE TRUST FOR THE PERIOD ENDING
31 MARCH 2013**

NHS Somerset

Head of Internal Audit Opinion on the effectiveness of the system of internal control for the year ending 31 March 2013

Date: 13 February 2013

1 ROLES AND RESPONSIBILITIES

The whole Board is collectively accountable for maintaining a sound system of internal control and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The Annual Governance Statement (AGS) is an annual statement by the Accountable Officer, on behalf of the Board, setting out:

- how the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;
- the purpose of the system of internal control as evidenced by a description of the risk management and review processes, including the Assurance Framework process;
- the conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control failures together with assurances that actions are or will be taken where appropriate to address issues arising.

The organisation's Assurance Framework is one of the key mechanisms that the Accountable Officer can use to support their AGS.

In accordance with NHS Internal Audit Standards, the Head of Internal Audit (HoIA) is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, agreed with management and approved by the Audit Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below.

The opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led Assurance Framework. As such, it is one component that the Board takes into account in making its AGS.

2 THE HEAD OF INTERNAL AUDIT OPINION

The purpose of my annual HoIA Opinion is to contribute to the assurances available to the Accountable Officer and the Board which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control. This Opinion will in turn assist the Board in the completion of its AGS.

My opinion, based on work undertaken and our knowledge of the organisation, is set out as follows:

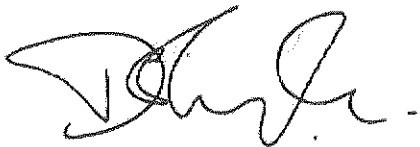
Based on the work undertaken in 2012/13, significant assurance can be given that there is a sound system of internal control which is designed to meet the organisation's objectives, and that controls are being consistently applied in all the areas reviewed.

3 FURTHER ISSUES RELEVANT TO THIS OPINION

Whilst we have not identified any significant risks to date, I reserve the right to amend my opinion dependent on the outcome of work of other assurance providers to NHS Somerset.

3.1 Issues Judged Relevant to the preparation of the Annual Governance Statement

Based on the work we have undertaken on the Trust's system of internal control to date, we do not consider that within these areas there are any issues that need to be flagged as significant internal control issues within the AGS.



The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

This report, together with any attachments, is provided pursuant to the terms of our engagement. The use of the report is solely for internal purposes by the management and Board of our client and, pursuant to the terms of the engagement, it should not be copied or disclosed to any third party or otherwise quoted or referred to, in whole in part, without our written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

© 2012 - 2013 RSM Tenon Limited

The term "partner" is a title for senior employees, none of whom provide any services on their own behalf.

RSM Tenon Limited is a subsidiary of RSM Tenon Group PLC. RSM Tenon Group PLC is an independent member of the RSM International network. The RSM International network is a network of independent accounting and consulting firms each of which practices in its own right. RSM International is the brand used by the network which is not itself a separate legal entity in any jurisdiction.

RSM Tenon Limited (No 4066924) is registered in England and Wales. Registered Office 66 Chiltern Street, London W1U 4GB. England

APPENDIX 5

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE ACCOUNTABLE OFFICER OF SOMERSET PRIMARY CARE TRUST

We have audited the financial statements of Somerset 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 34-36;
- the table of pension benefits of senior managers and related narrative notes on pages 37-38 of the Annual Report; and
- the table of pay multiples and related narrative notes on page 38.

This report is made solely to the accountable officer of Somerset 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 Trust's accountable 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 Somerset 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

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 Somerset 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.



Simon Garlick
Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP

Hartwell House
51-61 Victoria Street
Bristol
BS1 6FT

29th May 2013