Department of Health

NHS

Newham Primary Care Trust

2012-13 Annual Report and Accounts

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Newham Primary Care Trust

2012-13 Annual Report

North East London and the City

Newham Primary Care Trust

Annual report 2012/13

Creating a healthier future

Contents

1 Foreword

2012/13 was a year to remember for north east London and the City. This was the year of the Olympics and Paralympics, when this area was the centre of world attention. Thousands of visitors came to east London, and many local people and NHS took part in the opening or closing ceremonies or worked as volunteers

Newham was at the heart of the Olympics and Paralympics and, behind the scenes, NHS staff ensured plans were in place, and changed their pattern of work where necessary, so that local people would continue to get the care they needed, and so that the NHS would cope if there were any major incidents during that period. Newham Primary Care Trust also developed plans so that there would be a legacy of improved health after 2012. This included work to develop the former health centre for athletes in the Olympic village to provide care for local residents from the autumn of 2013.

Staff delivered the Olympic and Paralympic plans and on improving health, commissioning services and ensuring the performance of the NHS locally was maintained and improved. They did this while supporting preparations to bring new public health and NHS commissioning arrangements into place ready for reformed statutory arrangements from April 2013.

And that was all done within a new "cluster" for north east London PCTs. In April staff from seven PCTs came to work together under a single management structure, all designed to use our resources as effectively as possible.

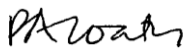
Staff deserve thanks for their outstanding work during 2012/13, as do all those who worked for or with the PCTs over the past decade for their contribution to many great achievements in improving health and health services locally.

The year also marked the 70th anniversary of the *Report of the Inter-Departmental Committee on Social Insurance and Allied Services* – more popularly called the Beveridge report. In that, William Beveridge wrote of the need for a health service for all, free at the point of need, as a key element of how this country would tackle disease and inequality.

Though the NHS is changing, those principles remain and for patients and the public, the principle of access to NHS services on the basis of need and not ability to pay continues.

I have sought and received assurance from former responsible officers on statements presented in this annual report.

This report reflects what has been achieved together across the PCT areas, with specific information about this PCT, as the statutory organisation until 31 March 2013.



Peter Coates, CBE
Designated Signing Officer

2. The primary care trust

Newham Primary Care Trust (known publically as NHS Newham) was established in 2001. It covered the same area as the London Borough of Newham.

It was abolished, along with all primary care trusts, on 31 March 2013.

Its purpose was to improve the health of local people by ensuring that appropriate services are available in the right place and at the right time. It was responsible for leading the local NHS and for commissioning health services on behalf of the local population.

It was one of seven primary care trusts (PCTs) to come together in a cluster, as NHS North East London and the City, on 1 April 2012. This was a partnership of with the primary care trusts for the City and Hackney, Barking and Dagenham, Havering, Newham, Redbridge, Tower Hamlets and Waltham Forest. For the previous year 2011/12, these PCTs had been in clusters known as NHS East London and the City (ELC), which included Newham PCT, or NHS Outer North East London (ONEL). All PCTs continued to exist as separate statutory organisations, but to ensure efficiency and reduced costs they shared a management structure.

The overarching purpose of primary care trust clusters was to keep a strong grip on quality, safety, finances and performance of NHS services while ensuring the smooth transfer of services to the new structures within the NHS.

3. The role of the primary care trust

The main purpose of the primary care trust was to improve health and to commission health services to meet the needs of the local communities.

It assessed the healthcare needed by the local population by looking at a wide range of public health and other population data.

We asked local people what they thought of services and what they wanted us to develop.

We then looked at the different ways those needs could be met, and we entered into contracts with a range of organisations to provide services for people in Newham. These included hospital, mental health, community and primary care services such as GP and dental care.

We worked to ensure more outpatient and diagnostic services were offered in the community (in health centres, pharmacies and GP surgeries) instead of in hospitals.

Our main hospital provider for local people was Barts Health NHS Trust, which was created on 1 April 2012 from a merger of Barts and The London NHS Trust, Newham University Hospital NHS Trust and Whipps Cross University Hospital NHS Trust.

Mental health services are available to patients in many places in the community. For those with more complex or severe needs, local hospitals, managed by East London NHS Foundation Trust provides inpatient and specialist care.

We made arrangements with many other organisations and individuals, including the local authority, independent providers, dentists, pharmacists and optometrists, for them to provide a wide range of services under the NHS. We joined with other primary care trusts to commission ambulance services and specialist hospital services for rarer conditions.

Our vision and goals

We developed a common vision and goals across NHS North East London and the City (NHS NELC) for 2012/13 to create a healthier future for local residents.

We said we would do this through:

- Ensuring the performance of the local NHS was maintained and improved
    - Improving the health of the public
    - Giving local people effective and high quality acute, community and primary care
    - Meeting financial targets.
- Implementing the NHS reforms
    - Managing the transition to new NHS commissioning arrangements.
- Improving the quality of care delivered by Barking, Havering and Redbridge University Hospital Trust and ensuring it has a sustainable future
    - Delivering on quality, finance and key performance indicators for the trust and ensuring effective plans are in place for it to become an NHS Foundation Trust.
- Preparing for London 2012 and ensuring a health legacy
    - Ensuring NHS services met the needs of local people through the 2012 Games period and that there is ongoing benefit to the health of local people.

4 Boards and committees

NHS Newham approved a shared governance arrangement for 2012/13 which meant that board meetings were held jointly with those of the PCTs for Barking and Dagenham, City and Hackney, Havering, Redbridge, Tower Hamlets, and Waltham Forest. This arrangement was described as NHS North East London and the City cluster. This cluster was supported by a management team across the seven PCTs but each of the seven PCTs retained its own statutory identity. As a result of changes for this year a common board membership was established where possible but the directors of public health and the former professional executive committee chairs remained unique to their original organisations.

The membership of the Board is outlined below.

Chair

Marie Gabriel, 1 April 2012 to 30 September 2012
Afzal Akram from 1 October to 27 October 2012
Dr John Carrier became interim Chair from 28 October 2102 due to Mr Akram being unavailable.

Non-executive directors (NEDs) There are seven non-executive directors, including the chair above, appointed across the seven primary care trusts.

- Frances Pennell-Buck was Vice-Chair from 1 April 2012 to 31 March 2013
- Kash Pandya was Audit Chair from 1 April 2012 to 31 March 2013
- Jane Winder, 1 April 2012 to 31 March 2013
- Paul Hendrick, 1 April 2012 to 31 March 2013
- John Lock, 1 April 2012 to 31 March 2013
- Philip Wilson, 1 April 2012 to 14 September 2012
- Alan Wells,17 September 2012 to 31 March 2013
- Afzal Akram, 1 April 2012 to 31 March 2013

In addition, seven former NHS Outer North East London and NHS Inner North East London Non-Executive Directors were retained as Associate Non-Executive Directors (ANEDs) and performed specific statutory and non-statutory duties delegated by the Boards. Those ANEDs were:

- Taric Ahmed
- Charles Beaumont
- Lesley Buckland
- Mariette Davis
- Andrea Lippett
- Catherine Max
- Jill Pullen
- Honor Rhodes

Executive members The executive members of the Boards are listed below. These directors were shared across all seven PCTs:

- Alwen Williams, Chief Executive, 1 April 2012 to 31 March 2013
- Stuart Saw, Director of Finance, 1 April 2012 to 31 March 2013
- Terry Huff, Chief Operating Officer and Deputy CEO, 1 April 2012 to 31 August 2012
- Heather Mullin, Director of Transition, 1 September 2012 to 31 March 2013
- Caroline Alexander, Director of Nursing and Quality, 1 April 2012 to 27 November 2012
- Vanessa Lodge, Deputy Director of Nursing and Quality, 28 November 2012 to 31 March 2013

- Dr Ken Aswani, ONEL Medical Director, 1 April 2012 to 31 March 2013
- Dr May Cahill, ELC Medical Director, 1 April 2012 to 31 March 2013
- Peter Coles, the NHS Commissioning Board North East and North Central London Local Delivery Director was co-opted onto the cluster Board as an associate (non-voting) member, 19 September 2012 to 31 March 2013
- Dr Ian Basnett, Director of Public Health, 1 April 2012 to 31 March 2013
- Dr Lesley Mountford, Director of Public Health, 1 April 2012 to 31 March 2013

Two further executive voting Board members were appointed from each PCT; the clinical commissioning group chair, and the director of public health.

For Newham Primary Care Trust these were:

Dr Ashwin Shah – Newham Clinical Commissioning Group Chair, 1 April 2012 to 31 August 2012

Dr Zuhair Zarifa – Newham Clinical Commissioning Group Chair, 1 September 2012 to 31 March 2013.

Dr Ian Basnett Director of Public Health, 1 April 2012 to 31 March 2013

Audit Committee arrangements

The audit committee was made up of three non-executive directors, Kash Pandya as Chair, Charles Beaumont and Mariette Davis. The Chair of the PCT is not a member of the committee.

Within the cluster arrangements each PCT retains a separate audit committee function but these have met together through 2012/13 with the membership shown above.

Our directors have confirmed that as far as they are aware there is no relevant audit information of which the auditors are unaware. They have also confirmed that they have taken all appropriate steps to make sure they are aware of any relevant audit information and to establish that the auditors are aware of that information.

Declarations of Interest

All Board members declare any interests which might be relevant and material to their NHS responsibilities. This includes details of company directorships or other significant interests where the company involved might do business with the NHS and where this might cause a conflict with the individual's managerial responsibilities. Interests declared by Board members and other directors are stored in an Interests Register and detailed below. Where there is no entry, this means there are no relevant declared interests.

Register of interests 2012/13

Name	Role	Organisation	Nature of interest
Kash Pandya	Non-Executive Director and Audit Chair	Hillcroft College Surbiton	Council Member and Audit Chair
		Ministry of Justice Essex Advisory Committee	Lay Member
		Health & Safety Executive	Independent Audit Committee Member
		Barking & Dagenham CCG Havering CCG	Lay Member Lay Member

Name	Role	Organisation	Nature of interest
		Redbridge CCG Citizens Advice Bureau	Lay Member Advisor
John Carrier	Chair	Shoreditch Park Surgery University College London Hospitals NHS Foundation Trust Camden CCG Marks & Spencer PLC Tottenham Hotspur Cancerkin, Royal Free Hospital NHS Trust British cardio-vascular society Bar standards board education and training committee London Deanery boards in surgery, O&G public health & London deanery strategic partnership board	Daughter is GP partner Governor Vice Chair/Lay member Wife is shareholder Wife is shareholder Chair Trustee Advisor Chair Trustee
Afzal Akram	Non Executive Director	London Borough of Waltham Forest	Councillor
Dr Zuhair Zarifa	Chair Newham CCG, from 1 September 2012	Premium Secondary Care Ltd;	50% share Wife holds 50% share
Dr Ashwin Shah	Co-chair Newham CCG until 31 August 2012	Stratford Village surgery Newham GP Co-op	Partner Board member
Frances Pennell-Buck	Vice Chair/Non Executive Director	Havering Crossroads Care	Trustee
Heather Mullin	Director of Transition	Newham CCG London Borough of Newham Outlook care	Husband providing coaching support Husband providing project support. Husband is Non-Executive Director
Dr Ken Aswani	Joint Medical Director - NELC	Allum Medical Practice NHJ Alliance RCGP	Partner Member Member
Dr Lesley Mountford	Director of Public Health	Homerton Hospital NHS Foundation Trust	Partner Governor
John Lock	Non-Executive Director – NELC	2012 Office, University of East London	Director
Stuart Saw	Cluster Director of Finance	NICE diagnostics Advisory Committee	Board Member

Name	Role	Organisation	Nature of interest
Alan Wells	Non Executive Director, NELC Vice Chair/Lay Member, WF CCG	Capacity LTD The Simplification Centre The Alzheimer's Society CCG working Group, Institute of Chartered Secretaries and Administration	Director Director Trustee Member
Paul Hendrick	Non Executive Director	Greater London Enterprise Ltd Harevale LTD LFIG Ltd Activenewham	Director Non Executive Director
Vanessa Lodge	Deputy Director Quality and Clinical Governance (Acting Director Nursing/DIPC)	Kingston CCG	Board Nurse – 1 session per week

Related party transactions

Other entities are considered to be a related party if the Primary Care Trust can be considered to have direct or indirect control of the other party, or the parties are subject to common control. In this context related party transactions took place with the general practice associated with Dr Ashwin Shah. These were payments of £1,139,751 and £1,011,361. These payments were made to the practice and not to Dr Shah.

Managing our risks

We had an agreed risk management approach and we managed our principal risks within a Board assurance framework. This meant we assessed risks at different levels, from project, to departmental to directorate level. Our approach included a risk scoring and escalation process that sought to ensure that risks were rated consistently across the organisation. The process drew on the best practice elements of ISO 31000 (a set of international risk management standards).

The assurance framework was comprehensive in scope, consistent with the Department of Health's template, and covered the key operational areas of the organisation. It identified zero tolerance risks and horizon scanning risks, along with assurances around risk prevention and risk deterrence (such as fraud-related risks) and the way in which we managed manifested and potential risks. It mapped objectives against pertinent risks, controls and assurances, and also described the ways in which public stakeholders were involved in managing risks which impact on them.

Individual directors were held accountable for the risks associated with their directorates. Their risks were reviewed and challenged by an internal risk sub-committee, which acted on behalf of the audit committee in assuring the Board that risks within the organisation were effectively managed. The risk sub-committee also scrutinised the Board assurance framework. The effectiveness of the risk management system was monitored through a series of key performance indicators which highlighted movements and trends of the risk profile.

5 The new system

The Health and Social Care Act 2012

The Health and Social Care Act 2012 gained Royal Assent on 27 March 2012 and set out major changes to the NHS. The changes, including the abolition of primary care trusts came into effect on 1 April 2013.

Clinical commissioning – CCGs and CSU

Acute, mental health and community NHS care now is commissioned by **clinical commissioning groups** (CCGs), which give GPs and other clinicians responsibility for using resources to secure high-quality services for local people.

NHS Newham Clinical Commissioning Group was working in shadow form during 2012/13 and underwent a national assessment programme in readiness to take on full statutory responsibilities for commissioning acute, mental health and community health services from April 2013. NHS Newham Clinical Commissioning Group is chaired by Dr Zafira Zuhair and its chief officer is Steve Gilvin.

The boards of the PCTs in East London and the City agreed in March 2012 fully to delegate eligible budgets to the CCGs from 1 April 2012. This delegation was subject to: a risk assessment of the finance and quality, innovation, productivity and prevention (QIPP) plans for 2012/13; and the finalising of the performance management framework.

Alongside this CCG development work, a significant work programme was underway to develop a **commissioning support unit** (CSU) for north central and north east London's 12 CCGs. This programme included consultation with staff and staffside representatives on structures and matching and recruitment processes.

In November the NHS Commissioning Board (now called NHS England) finalised its assessment of the North and East London Commissioning Support Unit's (CSU) full business plan which set out a detailed plan for establishing and operating as a CSU.

In its assessment of the plan, the NHS Commissioning Board rated the CSU as low risk, stating: "The CSU has performed really well and has placed itself as a centre of good practice in terms of the existing NHS CSUs.

"There is a clear and concise business and development journey with strong service improvement plans underpinned by a range of innovative partnership arrangements."

NHS England

At a national level, NHS England ensures the new NHS architecture is fit for purpose and will provide clear national standards and accountability. Many of its functions will be carried out at a more local level, and therefore the NHS England has a regional office for London.

Commissioning of GPs, dentists, pharmacies and optometrists is the responsibility of NHS England, as is the commissioning of specialist services.

The London regional office of NHS England will have close relationships with clinical commissioning groups, professional and clinical leadership functions and relationships with local government and Healthwatch, the new independent consumer champion created to gather and represent the views of the public.

It is responsible for the 2013/14 commissioning planning round and future performance management of CCGs.

Health and wellbeing boards

With the establishment of health and wellbeing boards in each borough, leaders of the local health and care system have been brought together – with CCGs, elected representatives, social care, public health and local Healthwatch at the core – to work with a common purpose to drive improved services and outcomes. They link with local communities and other local public services and, through the role of elected representatives, strengthen local accountability, enabling outcomes to be measured and demonstrated.

The board members work together to develop a joint strategic needs assessment (JSNA) and joint health and wellbeing strategy for the borough to tackle issues that matter most to the local community. Integrating services, joint commissioning and pooling resources will be central to translating the needs assessment and joint strategy into action.

The health and wellbeing board will have a duty to encourage commissioners of health services and commissioners of social care services to work in an integrated manner.

Public health

From April 2013 local authorities took on a new duty to take steps to improve the health of their population. They are largely free to determine their own priorities and services to meet the needs of the local population, but will also be required to provide a small number of mandatory services, including:

- appropriate access to sexual health services
- NHS Health Check assessments
- plans to protect the health of the population
- weighing and measuring children for the National Child Measurement Programme
- providing public health advice to NHS commissioners.

6 Our performance

The board scrutinised performance, with a report discussed at each meeting.

Last year we met national standards in the following areas:

- Newham University Hospital achieved all accident and emergency targets, including waiting times below 4 hours
- Early access to maternity
- Prevalence of breastfeeding at 6-8 weeks after birth
- No new cases of MRSA reported in hospital

There were some significant challenges which meant some targets were not met:

- Ambulance handover times at hospital
- Exceeding the target for number of cases of C.difficile acquired in hospital
- Immunisation

The PCTs within NHS North East London and the City were accountable for performance issues during 2012/13. With the transition to new organisations in the NHS in April 2013, responsibility for these areas will move. In preparation for this PCTs worked closely with the developing new bodies, such as the CCGs and local authority, to ensure that good performance is maintained and that areas of poor performance are tackled.

During 2012/13 work was underway to develop the health centre for athletes on the Olympic and Paralympic village, to provide NHS services for local people. This will be known as the Sir Ludwig Guttmann Centre for Health and Well-being, named after the founder of the Paralympic Games. The work of developing this will continue with Newham Clinical Commissioning Group.

Summary of Serious Incidents involving personal data as reported to the Information Commissioner's Office in 2012/13

All NHS organisations need to include details of serious untoward incidents involving data loss or confidentiality breaches in their annual reports. The more severe need to be detailed individually but the less serious should be aggregated and reported in terms of total numbers.

One severe incident involving data loss or confidentially breaches were reported for the period in NHS North East London and the City.

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
June 2012	nhs.net account hacked into in Tower Hamlets and used by unauthorised "phisher" to send out SPAM	patient names, addresses, conditions, medication, consultant names.	2,500 (although it was likely that the majority of patients could not be identified by the information).	Degrees of confidentiality assessed and those with sensitive data potentially disclosed were sent letters informing of breach
Further action on information risk	Tower Hamlets PCT – communications bulletin sent to all members of staff alerting them to phishing scam. Handover CSU/CCG policies including IG / e-mail security elements. NHSMail contacted to strengthen and make own phishing filters proactive rather than re-active. Recommendations to decrease chance of recurrence included, where possible, not using patient names in communications, removing emails from the in-box and sent items and archiving them on a secured network if required for future reference. Action plan completed.			

The table overleaf shows less severe serious incidents in NHS North East London and the City (NELC).

Summary of other personal data related incidents in 2012/13

Cate-gory	Nature of incident	Barking and Dagenham	Havering	Redbridge	Waltham Forest	City and Hackney	Newham	Tower Hamlets	Total NELC
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured NHS premises	0	0	0	0	0	0	1	1
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside NHS secured premises	0	0	1	0	0	0	0	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0	0	0	0	0	0	0	0
IV	Unauthorised disclosure	0	0	0	0	0	0	0	0
V	Other	0	0	0	0	0	0	0	0

7 Patient and public engagement

The PCT listened to the views of local people formally through engagement with the Local Involvement Network (LINk) and other local groups. LINk members have attended Board meetings where they have had speaking rights.

Reports on patients experience were considered by the Board.
Formal consultation with the public and stakeholders took place on:

- Bringing together inpatient dementia inpatient services for the City and Hackney, Newham and Tower Hamlets at Mile End Hospital in Tower Hamlets.
- Emergency Dental Care

In addition:

- Putting the Patient First in Palliative Care, launched at St Joseph's Hospice, led to improved access to high quality end of life care, plus a dedicated Smartphone App and a new Local Directory to give east Londoners better information on end of life services and issues
- NHS North East London and the City's Both Sides NOW initiative, in partnership with Barts Health NHS Trust, on patient experience was the most popular entry in the National Patient Feedback Challenge announced by the Prime Minister in May, bringing a large proportion of the £1m fund to east London

8 Our workforce

Following the introduction of a single management structure across the seven PCTs we established an effective working partnership with staff trade unions as we addressed the challenges of working through transition.

The human resources and finance teams have worked effectively together to ensure consistent management information in relation to budget planning and forecasting future staffing. Internal audits, including recruitment and payroll, have provided additional assurance in terms of developing robust procedures and processes across the cluster and our payroll provider.

The chief executive and her senior team held regular staff briefings across various PCT sites, allowing health engagement and interaction with employees. This, alongside newsletters and dedicated areas on the intranet, created opportunities for staff to receive and discuss updates on plans for the future of the NHS, including the successor organisations coming into place in 2013.

Consultation with staff and staffside representatives took place on structures for the commissioning support unit (CSU) and CCGs, and on the matching and recruitment process for the CSU.

Staff development and support

Skills development has focused on resilience and change management in order to prepare staff for their future roles across the new NHS landscape or beyond.

We provided a variety of learning experiences including masterclasses which have allowed staff to explore the wider health economy and the new developments of health strategy. Practical approaches to training included CV and recruitment preparation. To allow staff to receive support and explore future options according to their own aspirations for career development we commissioned an extensive coaching programme. Our managers and aspiring managers accessed an accredited management development programme which resulted in further recognised qualifications and hopefully better career options.

Workforce Information

Staff sickness

Based on the 2012 calendar year, staff sickness amounted to 1,518.12 days lost. This was with total staff years of 195.19. The average number of working days lost was 7.78.

'Two Ticks' symbol (positive about disability)

All the PCTs were recognised as 'Positive about Disability' through the Government's 'Two Tick symbol' certification. This means positively embracing disability in the workplace and has included providing staff with 'Access to Work' registration. Human resources provided advice regarding job applicants declaring disability and requiring reasonable adjustments. We worked in partnership with Job Centre Plus to access support for staff with disability or disabilities. Approximately 2.5% of our staff describe themselves as being disabled.

Health and wellbeing

Staff welcomed opportunities offered through the staff health and wellbeing programme. During the Olympic period we were pleased to encourage participation and attendance at the Olympic and Paralympic Games – some staff participated in the opening and closing ceremonies, supported with time off from work. We also offered flexible working to enable staff to manage potential disruption transport in this period, and maintain a work life balance.

Health opportunities included free sports and exercise taster classes; massage at work; stress management workshops and advice; signposting to counselling and welfare services; active travel planning including workplace walks, cycle schemes and healthy eating demonstrations. We were able to provide a stand-alone 'health kiosk' which allowed staff to access up to date personal health information and monitoring over several months with the object of encouraging health and lifestyle improvements.

The programme was supported and promoted in partnership with trade unions and has created a sense of 'belonging together' within a transient organisation.

Equality objectives

We have revised all our 2012 equality information to ensure the information is most relevant to the equality and diversity work of the Cluster and the CCGs. Information was ratified by the Board in March 2013.

Off payroll engagements

The Treasury requires NHS bodies to publish information on off payroll engagements. These are shown in the table below.

Table 1: Off payroll engagement at a cost of over £58,200 per annum that were in place as of 31 January 2012.

	FTE
No. In place on 31 January 2012	n/a
No that have since come onto the organisation's payroll	n/a
No. that since been re-negotiated/re-engaged to include contractual clauses allowing the (organisation) to seek assurance as to their tax obligations	n/a
No that have not been successfully re-negotiated, and therefore continue without contractual clauses allowing the (organization) to seek assurance as to their tax obligations	n/a
No that have come to an end	n/a
Total FTE	n/a

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

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

The data is provided in City and Hackney PCT's annual report as inner London PCTs (City and Hackney, Tower Hamlets and Newham) shared an integrated arrangement for staff.

9 Taking care of the environment

NHS organisations have a responsibility for the environment. NHS North East London and the City was committed to the NHS Sustainable Development Unit's target of reducing carbon by 10% by 2015 (based on 2007 levels) and a key element of this was our commitment and registration to the good corporate citizen model. This requires NHS trusts to explore their environmental credentials, identify any deficiencies and plan for future improvements. It also allows benchmarking between trusts. We would investigate, take action and monitor sustainability issues with the goal of reducing the carbon footprint. This brings financial as well as environmental benefits.

The PCT cluster was committed to reducing its carbon footprint and the impact its activities had on the environment. We produced a Sustainable Development and Energy Management Strategy that informed and guided the way we worked. Written in accordance with the 2009 NHS Sustainable Development Unit Carbon Reduction Strategy for England Saving Carbon, Improving Health, it set out three key objectives:

1. Improve performance in and adopt the principles of sustainable development
2. Introduce effective monitoring, reviews and reporting on carbon usage
3. Actively raise carbon usage awareness at every level within the organisation

We continued to work towards achieving a reduction in carbon footprint by the introduction of a programme of energy management performance monitoring to individual buildings. We produced an annual sustainability report, as required by the NHS Sustainable Development Unit. This was part of the process of making the NHS more financially and environmentally sustainable and showing patients and other stakeholders that the NHS is adapting to change.

10 Emergency preparedness

A major incident such as a fire or pandemic flu outbreak can occur at any time. In order to respond effectively to such challenges and to comply with statutory guidance, we had in place a robust, tested major incident plan built on the principles of integrated emergency preparedness.

During 2012 NHS North East London and the City worked with local authorities, providers, primary care and NHS London to ensure business continuity, communications and other plans were in place for the Olympics and Paralympics.

11 Accounts

The financial statements contained in this section provide a summary of the PCT's financial position and performance. Further information is available in the full annual accounts.

Managing our finances

We have talked earlier in this report about what we do and how our performance is measured. This section talks about how we manage our money and how our financial performance is measured. We are accountable for what we do with public money and we have a track record of balancing the books and achieving good value for money for our patients. This continued in 2012/13.

As a business, we have been on a sound financial footing as we have consistently delivered surpluses over recent years.

During 2012/13 we managed cash within the funding limits laid down by parliament.

In 2012/13 Newham PCT was given a revenue resource limit of £598.674 million from the Department of Health.

This was made up of an initial recurrent funding allocation (the money we get each year) of £557.045 million. This was an increase in recurrent funding of £16.101 million over and above what we were given in 2011/12.

We also received other non-recurrent funding (money which we have been given this year only) totalling £41.63 million during the course of the year. This funding is usually given to us to spend on something specific, so we cannot spend it on what we like. For example, money for dental services – £15.54 million – is given to us on a non-recurrent basis. This money also includes any surplus that we had made the previous year.

We used the additional funding to develop local services, and the improvements to our performance show the success of this approach.

We spent the money on services as follows:

- Acute Hospital Care 42.7%
- Non Acute Care 34.5%
- Prescribing and
- Primary Care 19.4%
- Corporate and other costs 3.4%

Primary care trusts are set three primary financial targets and in 2012/13 we met all three:

- **Cash limit** Our cash limits were £582.924 million for revenue and capital. We drew down cash from the Department of Health on a monthly basis in accordance with these limits.
- **Revenue resource limit** The revenue resource limit sets a limit on the net expenditure of the organisation. We were given a limit of £598.674 million. We agreed with NHS London at the beginning of the year to achieve a surplus of £5.8 million. This target was subsequently changed during the year to £8.252 million and we were successful in achieving the revised target.
- **Capital resource limit** We also have to keep our capital expenditure (the money we spend on something that we then own, such as a building or piece of equipment, which has a value of £5,000 or over) within a 'capital resource limit', which was set by

NHS London. Our limit for the year was set at (£1.468 million). All of the capital funding available to the PCT was used in the year for the achievement of the capital programme.

We also have to pay our bills within a reasonable time. There is a 'better payment practice code' which says that NHS organisations should pay creditors within 30 days. This year we paid 84% of non-NHS invoices (80% by value) and 87% of NHS invoices (84% by value) within this 30 day target.

We also signed up to the 'prompt payments code' which helped us to make further improvements to our payment processes.

We successfully managed our financial risks during 2012/13. We identified the top financial risks as:

- the increased costs of acute care
- the transition of the current NHS system to the new organisations.

To mitigate against these risks, we took a proactive approach to financial monitoring, which means we will be able to identify any potential problems in plenty of time.

As described in section 5 of this report, the Health and Social Care Act 2012 abolished primary care trusts from April 2013. PCTs worked collectively across North East London and the City with GP clinical commissioning groups to prepare for the new arrangements, however with all change there was a degree of risk facing the PCTs through the process of rationalisation of the infrastructure, setting up new structures and establishing new legal entities. To mitigate against this risk, we worked collaboratively with the shadow GP clinical commissioning group board and the local authority, as well as NHS London, to ensure there were robust transitional arrangements in place over the next year.

In addition, we continued to maintain contingencies to address in-year unforeseen risks and to generate a planned surplus, in line with best practice, to ensure the legacy for the clinical commissioning group is as robust as possible.

12 Remuneration report

The NHS has adopted the recommendations outlined in the Greenbury report in respect of the disclosure of senior managers' remuneration and the manner in which it is determined. Senior managers are defined as those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments. This report outlines how those recommendations have been implemented by the PCT in the year to 31 March 2013.

Remuneration and terms of service committee

Primary care trusts are required to have a remuneration committee to oversee the pay, terms and conditions of service of senior managers.

The main function of the committee is to make recommendations to the board on the remuneration, allowances and terms of service of other officer members to ensure they are fairly rewarded for their individual contribution to the organisation, having regard for the organisation's circumstances and performance, and taking into account national arrangements.

Remuneration

We operate a system of performance-related pay for those senior management posts subject to the Very Senior Managers (VSM) pay framework. There has been no payment of performance related pay during the year ending 31 March 2013. Future performance related pay for directors will be subject to the terms and conditions of service for very senior managers and will be considered by the remuneration committee.

No compensation was payable during the year and no amounts are included that are payable to third parties for the services of senior managers. In the event of redundancy standard NHS packages will apply.

Contractual arrangements

The chair and non-executive directors are appointed by the Appointments Commission, an independent organisation, on behalf of the Secretary of State. Their terms of service are set nationally and cannot be varied by the PCT. Non-executive directors are on fixed term contracts up to five years in length, depending on individual circumstances.

The chief executive and directors are on permanent contracts, subject to a six month notice period for the chief executive and three months for directors.

Pensions

All staff, including senior managers, are eligible to join the NHS pensions scheme. The scheme has fixed the employer's contribution at **14%** of the individual's salary as per the NHS Pension Agency regulations. Employee contribution rates for PCT officers and practice staff, and the prior year comparators, are as follows:

2012/13 Member Contribution Rates before tax relief (gross)

Tier	Annual pensionable pay (full time equivalent) 2012/13	Contribution Rate 2012/13
1	Up to £15,278.99	5.0%

2	£15,279.00 - £21,175.99	5.0%
3	£21,176.00 - £26,557.99	6.5%
4	£26,558.00 - £48,982.99	8.0%
5	£48,983.00 - £69,931.99	8.9%
6	£69,932.00 - £110,273.99	9.9%
7	£110,274.00 and over	10.9%

2011/12 Member Contribution Rates before tax relief (gross)

Tier	Annual pensionable pay (full time equivalent) 2011/12	Contribution Rate 2011/12
1	Up to £21,175.99	5.0%
2	£21,175.99 - £69,931.99	6.5%
3	£69,932.00 - £110,273.99	7.5%
4	£110,174.00 and over	8.5%

Scheme benefits are set by the NHS Pensions Agency and are applicable to all members.

Past and present employees are covered by the provisions of the NHS pension scheme. For full details of how pension liabilities are treated please see note 1 in the annual accounts.

Expenses policy

We reimburse expenses in line with the Agenda for Change terms and conditions Part III Sections 17 and 18, and HM Revenue and Customs guidelines. Agenda for Change is the single pay system in operation in the NHS.

Expenses which are reimbursed include public transport costs and mileage for use of own car or, where appropriate, a lease car may be provided. If a member of staff is on official duties away from home, the cost of necessary meals and accommodation costs will be reimbursed. All claims for expenses must be authorised by the employee's manager and receipts must be provided.

Executive Directors	**2012/13 Expenses £**
Heather Mullin	£111
Terry Huff	£2,161
Alwen Williams	£976
May Cahill	£368
Ian Basnett	£208
Lesley Mountford	£859
Vanessa Lodge	£102
Other Directors	
Conor Burke	£747
Jane Gateley	£464
Jane Mehta	£78
Andrew Ridley	£319
Chair, Non-Executive Directors and Associate NEDs	
Frances Pennell-Buck	£1,083
Lesley Buckland	£215
Kash Pandya	£835
Jill Pullen	£75
Charles Beaumont	£1,458
Phil Wilson	£316
Jane Winder	£101
Catherine Max	£97
Mariette Davis	£175

Termination agreements or exit packages

Termination arrangements are applied in accordance with statutory regulations as modified by national NHS conditions of service agreements (specified in Agenda for Change), and the NHS pension scheme. Specific termination arrangements will vary according to age, length of service and salary levels. The remuneration committee will agree any severance arrangements.

Details of any exit packages are given in note 7.4 of the annual accounts.

Non-executive directors

Non-executive directors do not have service contracts. They are appointed by the NHS Appointments Commission for a four year period, which may be extended.

Non-executive directors are paid a fee set nationally. Travel and subsistence fees were incurred in respect of official business are payable in accordance with nationality set rates. Non-executive directors are also able to reclaim expenses related to carer expenses incurred as a result of work.

Non-executive members do not receive pensionable remuneration and therefore are not eligible to join the NHS Pension Scheme.

The relationship between the highest paid director and median remuneration

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 Newham PCT in the year 2012/13 was £20k-£25k (2011/2012 = £55-60k). This was 1.5 times (2011/2012 = 3.4) the median remuneration of the workforce, which was £16k (2011/2012 = £17k). The reason for the variances between 2011/2012 and 2012/2013 is that the highest paid director salary is now spread across 7 PCTs (For 2011/2012 this was 3 PCTs) in the North East London Cluster.

The highest paid director's salary is based upon the estimated cost to Newham PCT. Some staff who are not recharged across the sector (7 PCTS) cost Newham PCT more than the highest paid director only due to the fact that they have not been recharged across all 7 PCTs. As a result 96 staff cost Newham PCT more than the highest paid director.

The Hutton review of fair pay in the public sector guidance suggests that all staff irrespective of any recharges should be shown as 100% charged to Newham PCT compared to the highest paid director as only being shown as the element of cost the PCT is charged for that directors service

Newham PCT has moved away from this guidance as it would result in a negative pay multiple, and as such has based the calculation on the element recharged to Newham PCT only for those staff who work across other entities.

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.

Notes

Salary and pension entitlements of directors and senior managers

The following schedules disclose further information regarding remuneration and pension entitlements.

Salary Entitlements (Share of PCT)

Non-executive and associate NE directors		2012/2013			2011/2012		
Name and Title		**Share of Salary Charged to PCT (bands of £5,000)**	**Other remuneration (bands of £5,000)**	**Benefits in kind (bands of £5,000)**	**Share of Salary Charged to PCT (bands of £5,000)**	**Other remuneration (bands of £5,000)**	**Benefits in kind (bands of £5,000)**
Frances Pennell-Buck	Non Executive Director	5-10	n/a	n/a	n/a	n/a	n/a
Dr John Carrier	Interim Chair (from 29/10/2012 to 31/03/2013)	0-5	n/a	n/a	n/a	n/a	n/a
Marie Gabriel	Chair (01/04/2012 to 30/09/2012)	0-5	n/a	n/a	n/a	n/a	n/a
Afzal Akram	Non Executive Director and Chair (01/10/12 to 31/03/2013)	0-5	n/a	n/a	n/a	n/a	n/a
Lesley Buckland	Associate Non Executive Director	0-5	n/a	n/a	n/a	n/a	n/a
Kash Pandya	Non Executive Director and Audit Committee Chair	0-5	n/a	n/a	n/a	n/a	n/a
Jill Pullen	Associate Non Executive Director	0-5	n/a	n/a	n/a	n/a	n/a
Alan Wells	Associate Non Executive Director and Non Executive Director (from 17/09/2012)	0-5	n/a	n/a	n/a	n/a	n/a
Charles Beaumont	Associate Non Executive Director	0-5	n/a	n/a	n/a	n/a	n/a
Phil Wilson	Non Executive Director (left 17/09/2012)	0-5	n/a	n/a	n/a	n/a	n/a
Jane Winder	Non Executive Director	0-5	n/a	n/a	n/a	n/a	n/a
John Lock	Non Executive Director	0-5	n/a	n/a	n/a	n/a	n/a
Paul Hendrick	Non Executive Director	0-5	n/a	n/a	n/a	n/a	n/a
Taric Ahmed	Associate Non Executive Director	0-5	n/a	n/a	n/a	n/a	n/a
Honor Rhodes	Associate Non Executive Director	0-5	n/a	n/a	n/a	n/a	n/a
Catherine Max	Associate Non Executive Director	0-5	n/a	n/a	n/a	n/a	n/a

Andrea Lippett	Associate Non Executive Director	0-5	n/a	n/a	n/a	n/a	n/a
Mariette Davis	Associate Non Executive Director	0-5	n/a	n/a	n/a	n/a	n/a
Executive directors		**2012/2013**			**2011/2012**		
Name and Title		**Share of Salary Charged to Newham PCT (bands of £5,000)**	**Other remuneration (bands of £5,000)**	**Benefits in kind (bands of £5,000)**	**Share of Salary Charged to Newham PCT (bands of £5,000)**	**Other remuneration (bands of £5,000)**	**Benefits in kind (bands of £5,000)**
Alwen Williams	Chief Executive	20-25	n/a	n/a	n/a	n/a	n/a
Heather Mullin	Director of Transition	20-25	n/a	n/a	n/a	n/a	n/a
Ken Aswani	Medical Director	10-15	n/a	n/a	n/a	n/a	n/a
May Cahill	Medical Director	5-10	n/a	n/a	n/a	n/a	n/a
Eirlys Evans	Acting Director of Nursing (terminated 30/11/2012)	5-10	n/a	n/a	n/a	n/a	n/a
Caroline Alexander	Director of Quality & Clinical Governance	15-20	n/a	n/a	n/a	n/a	n/a
Terry Huff	Chief Operating Officer and Deputy Chief Executive	15-20	n/a	n/a	n/a	n/a	n/a
Stuart Saw	Director of Finance	15-20	n/a	n/a	n/a	n/a	n/a
Ian Basnett	Director of Public Health	15-20	n/a	n/a	n/a	n/a	n/a
Lesley Mountford	Director of Public Health	10-15	n/a	n/a	n/a	n/a	n/a
Vanessa Lodge	Acting Director of Nursing	10-15	n/a	n/a	n/a	n/a	n/a
Other directors							
Marie Price	Director of Communications and Engagement	10-15	n/a	n/a	n/a	n/a	n/a
Helen Bullers	Director of People and Organisational Development	15-20	n/a	n/a	n/a	n/a	n/a
Conor Burke	Director of Commissioning Support	15-20	n/a	n/a	n/a	n/a	n/a
Jane Gateley	Director of Planning and Delivery	15-20	n/a	n/a	n/a	n/a	n/a
Andrew Ridley	Managing Director, Commissioning Support Unit	15-20	n/a	n/a	n/a	n/a	n/a
David Butcher	Director of Estates and Capital Development	10-15	n/a	n/a	n/a	n/a	n/a

Salary Entitlements

Non-executive and associate NE directors		2012/2013			2011/2012		
Frances Pennell-Buck	Non Executive Director	40-45	n/a	n/a	40-45	n/a	n/a
Dr John Carrier	Interim Chair (from 29/10/2012-31/03/2013)	5-10	n/a	n/a	n/a	n/a	n/a
Marie Gabriel	Chair (from 01/04/2012 to 30/09/2012)	20-25	n/a	n/a	35-40	n/a	n/a
Afzal Akram	Non Executive Director and Chair (01/10/12 to 31/03/2013)	25-30	n/a	n/a	10-15	n/a	n/a
Lesley Buckland	Associate Non Executive Director	10-15	n/a	n/a	10-15	n/a	n/a
Kash Pandya	Non Executive Director and Audit Committee Chair	20-25	n/a	n/a	10-15	n/a	n/a
Jill Pullen	Associate Non Executive Director	10-15	n/a	n/a	10-15	n/a	n/a
Alan Wells	Associate Non Executive Director and Non Executive Director (from 17/09/2012)	15-20	n/a	n/a	10-15	n/a	n/a
Charles Beaumont	Associate Non Executive Director	10-15	n/a	n/a	5-10	n/a	n/a
Phil Wilson	Non Executive Director (left 17/09/2012)	0-5	n/a	n/a	5-10	n/a	n/a
Jane Winder	Non Executive Director	10-15	n/a	n/a	10-15	n/a	n/a
John Lock	Non Executive Director	20-25	n/a	n/a	30-35	n/a	n/a
Paul Hendrick	Non Executive Director	15-20	n/a	n/a	5-10	n/a	n/a
Taric Ahmed	Associate Non Executive Director	5-10	n/a	n/a	5-10	n/a	n/a
Honor Rhodes	Associate Non Executive Director	5-10	n/a	n/a	n/a	n/a	n/a
Catherine Max	Associate Non Executive Director	5-10	n/a	n/a	5-10	n/a	n/a
Andrea Lippett	Associate Non Executive Director	5-10	n/a	n/a	5-10	n/a	n/a
Mariette Davis	Associate Non Executive Director	15-20	n/a	n/a	n/a	n/a	n/a

Executive directors		2012/2013			2011/2012		
Name and Title		**Salary (bands of £5,000)**	**Other remuneration (bands of £5,000)**	**Benefits in kind (bands of £5,000)**	**Salary (bands of £5,000)**	**Other remuneration (bands of £5,000)**	**Benefits in kind (bands of £5,000)**
Alwen Williams	Chief Executive	150-155	n/a	n/a	150-155	n/a	n/a
Heather Mullin	Director of Transition	145-150	n/a	n/a	145-150	n/a	n/a
Ken Aswani	Medical Director	80-85	n/a	n/a	80-85	n/a	n/a
May Cahill	Medical Director	60-65	n/a	n/a	55-60	n/a	n/a
Eirlys Evans	Acting Director of Nursing (terminated 30/11/2012)	55-60	n/a	n/a	25-30	n/a	n/a
Caroline Alexander	Director of Quality & Clinical Governance	110-115	n/a	n/a	95-100	n/a	n/a
Terry Huff	Chief Operating Officer and Deputy Chief Executive	120-125	n/a	n/a	120-125	n/a	n/a
Stuart Saw	Director of Finance	120-125	n/a	n/a	110-115	n/a	n/a
Mathew Cole	Director of Public Health	85-90	n/a	n/a	85-90	n/a	n/a
Ian Basnett	Director of Public Health	130-135	n/a	n/a	145-150	n/a	n/a
Lesley Mountford	Director of Public Health	75-80	n/a	n/a	110-115	n/a	n/a
Vanessa Lodge	Acting Director of Nursing	90-95	n/a	n/a	n/a	n/a	n/a
Other directors							
Marie Price	Director of Communications and Engagement	90-95	n/a	n/a	85-90	n/a	n/a
Charles Allen	Director of Workforce and Transformation	n/a	n/a	n/a	100-105	n/a	n/a
Helen Bullers	Director of People and Organisational Development	110-115	n/a	n/a	85-90	n/a	n/a
Conor Burke	Director of Commissioning Support	120-125	n/a	n/a	115-120	n/a	n/a
Jane Gateley	Director of Planning and Delivery	105-110	n/a	n/a	105-110	n/a	n/a
Andrew Ridley	Managing Director, Commissioning Support Unit	130-135	n/a	n/a	125-130	n/a	n/a
David Butcher	Director of Estates and Capital Development	100-105	n/a	n/a	95-100	n/a	n/a
Jane Milligan	Borough Director	100-105	n/a	n/a	100-105	n/a	n/a
Jane Mehta	Borough Director	105-110	n/a	n/a	51-55	n/a	n/a

Pension Entitlements

Name and Title		Real increase / (decrease) in pension at 60 (bands of £2,500)	Real increase / (decrease) in pension lump sum at age 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2013 (bands of £5,000)	Lump sum at age 60 accrued pension at 31 March 2013 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2013 (rounded to the nearest £000)	Cash Equivalent Transfer Value at 31 March 2012 (rounded to the nearest £000)	Real increase / (decrease) in Cash Equivalent Transfer Value(rounded to the nearest £000)	Employer's contribution to stakeholder pension (rounded to the nearest £000)
Alwen Williams	Chief Executive	(0-2.5)	(2.5-5)	60-65	185-190	1,254	1,179	13	n/a
Heather Mullin	Director of Transition	(0-2.5)	(0-2.5)	45-50	145-150	935	875	14	n/a
Ken Aswani	Medical Director	0-2.5	2.5-5	65-70	200-205	1,258	1,135	64	n/a
May Cahill	Medical Director	n/a	n/a	45-50	145-150	934	n/a	n/a	n/a
Eirlys Evans	Acting Director of Nursing	n/a	n/a	35-40	115-120	784	n/a	n/a	n/a
Caroline Alexander	Director of Quality & Clinical Governance	0-2.5	5-7.5	20-25	65-70	379	314	49	n/a
Terry Huff	Chief Operating Officer and Deputy Chief Executive	(0-2.5)	(0-2.5)	35-40	120-125	617	577	10	n/a
Stuart Saw	Director of Finance	2.5-5	7.5-10	30-35	95-100	609	512	70	n/a
Mathew Cole	Director of Public Health	(0-2.5)	(0-2.5)	25-30	80-85	465	430	12	n/a
Ian Basnett	Director of Public Health	(0-2.5)	(2.5-5)	55-60	165-170	1,137	1,073	8	n/a
Lesley Mountford	Director of Public Health	0-2.5	2.5-5	25-30	85-90	451	401	29	n/a
Vanessa Lodge	Acting Director of Nursing	n/a	n/a	25-30	90-95	567	n/a	n/a	n/a
Marie Price	Director of Communications and Engagement	0-2.5	0-2.5	5-10	n/a	61	46	13	n/a
Helen Bullers	Director of People and Organisational Development	2.5-5	12.5-15	25-30	85-90	485	380	86	n/a
Conor Burke	Director of Commissioning Support	0-2.5	5-7.5	10-15	40-45	229	183	36	n/a

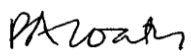
Jane Gateley	Director of Planning and Delivery	0-2.5	0-2.5	20-25	65-70	354	324	13	n/a
Andrew Ridley	Managing Director, Commissioning Support Service	(0-2.5)	(0-2.5)	20-25	65-70	361	337	6	n/a
David Butcher	Director of Estates and Capital Development	0-2.5	0-2.5	35-40	115-120	818	752	27	n/a

Cash equivalent transfer values

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

Real increase in cash equivalent transfer values

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



Peter Coates, CBE
Designated Signing Officer

13 Statement of the responsibilities of the signing officer for the Primary Care Trust 2012/13 annual accounts

The Department of Health's Accounting Officer has designated the role of signing officer for the final accounts of Newham Primary Care Trust to discharge the following responsibilities for the Department of Health:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;

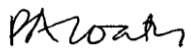
- value for money is achieved from the resources available to the primary care trust;

- the expenditure and income of the primary care trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them;

- effective and sound financial management systems are 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, and from the assurances provided by the PCT Accountable Officer until 31 March 2013, I am assured that the responsibilities have been properly discharged.



Peter Coates, CBE
Designated Signing Officer

14 Annual governance statement

Name of organisation: Newham Primary Care Trust

1. Scope of responsibility

The Board was accountable for internal control. During 2012/13 the Chief Executive of the Board had responsibility for maintaining a sound system of internal control that supported the achievement of the organisation's policies, aims and objectives. She also had responsibility for safeguarding the public funds and the organisation's assets.

As Designated Signing Officer I have sought assurance from the chief executive of the PCT on these matters.

The Chief Executive of the PCT was accountable to the Chair of the PCT and the Chief Executive of the Strategic Health Authority. The Chief Executive was regularly performance managed through twice yearly performance appraisals undertaken by the Chair of the Board.

In addition, the Strategic Health Authority (NHS London) met regularly with the directors and the chief executive during the year to formally review performance on delivering the organisation's objectives. These meetings were formally minuted.

Systems and processes were in place to enable effective working with these partner organisations.

In recognition of the risk in establishing an appropriate management structure to manage seven PCTs as a cluster with robust governance arrangements and organisational form to deliver its objectives significant assurance was received from the internal auditors, RSM Tenon and Parkhill, that the cluster governance arrangements and controls upon which the organisation relies to manage the risk were suitably designed, consistently applied and effective.

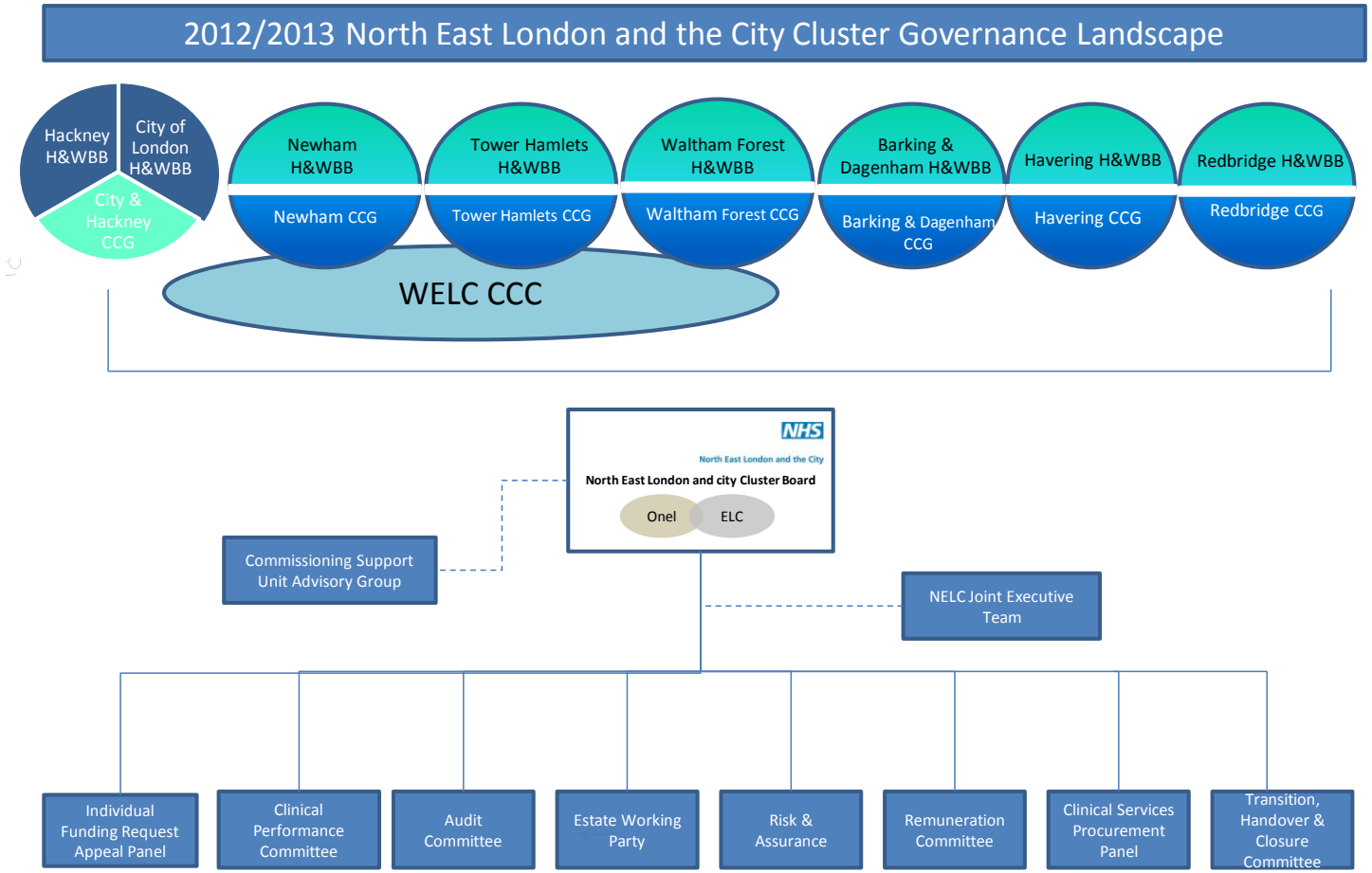
2. The governance framework of the organisation

The governance structure was designed to ensure that there was a balance between having robust governance arrangements for the organisation and being able to deliver an effective end state.

In January 2012 the boards of the seven PCTs in North East London and City agreed to work as a Cluster through an integrated management structure with effect from April 2012. This arrangement encompassed the Chair and non-executive director team being appointed across the seven PCTs and a single management team. The governance model met the requirements of the Department of Health guidance 'model 2'. These comply with the Corporate Governance Code without departure. Arrangements in place for the discharge of statutory functions have been checked for irregularities, and to ensure they are legally compliant.

The model was delivered through a joint committee structure from April 2012, shown below:

NHS North East London and City committee structure



Agreed April 2012

The Cluster Board for North East London and the City met on a bimonthly basis during 2012/2013 until March when two meetings were necessary to complete Board business and close down all seven PCTs.

The work of the Board was underpinned by a single Corporate Governance Framework for the transition year together with a single set of Standing Orders, Standing Financial Instructions and Scheme of Delegation. This framework has enabled the Cluster to conduct its business during a period of significant change in the NHS. It has also supported the establishment of the Clinical Commissioning Groups as sub-committees of the Board and a robust Performance Management Framework to ensure accountability.

The Board's work has been supported by a number of committees as evidenced in the structure diagram. These committees have been chaired by Non-Executive Directors or Associate Non-Executive Directors. The role of Associate Non-Executive Director was created as part of the governance arrangements for the Cluster and has ensured that a wide range of non-executive knowledge and experience was retained and used in the assurance process.

The Audit Committee met on a bi-monthly basis through to September 2012 and then met monthly from October 2012 to March to strengthen assurance. It has been quorate on each occasion. It has considered internally and externally audit reports along with updates from the counter-fraud officer. It has received updates and reviewed reports on finance, the Board Assurance Framework and Corporate Risk Register together with feedback from the Risk and Assurance Committee. It has also reviewed work in relation to transition, handover and closure and from November 2012 received reports from the Transition, Handover and Closure Committee.

The Risk and Assurance Committee was established from April 2012 and met on a bi-monthly basis from May. The role of the Committee has been to review management action in relation to risks that impact on the delivery of the operating plans and the achievement of the corporate objectives in order to give assurance to the Board. The committee has been quorate on all occasions.

The Transition, Handover and Closure Committee chaired by a Non-Executive Director was established in October 2012 to provide additional assurance to the Board during the final months up until closure. It has met on a monthly basis since November and undertaken in depth reviews of plans, including the Transfer Schemes for staff, assets and liabilities and the closedown plans.

The Remuneration Committee met eight times in 2012/13 to consider matters relative to remuneration and terms of service of the senior management team and staff matters relating to handover and closure. All meetings were quorate.

3 Board effectiveness

All Board members were asked to complete a board evaluation questionnaire in March 2013. The questions covered the broad themes on the key functions of the Board. Board members were requested to indicate the extent to which they agreed or disagreed (to varying degrees) with the statements contained in the questionnaire. Board members also had the additional opportunity of providing comments.

Just over half of the Executive and Non-Executive Directors completed the questionnaire and their responses have been kept confidential. The general picture that emerges from the responses to the board evaluation questionnaire is that the Board is generally confident:

- that the members individually and collectively understand what is expected of them
- that it effectively carries out its functions in relation to its provision of strategic leadership to the organisation
- that it monitors the implementation of the strategic plan that it sets for the organisation
- that the Board provides leadership to the organisation in the delivery of quality improvement
- that it is assured that a sound system of internal control and risk management is in place within the organisation and is functioning effectively
- that there is an effective working relationship between the Board and the management team
- that the Board has an effective working relationship with its internal and external stakeholders
- that Board members are satisfied that they make meaningful, informed and robust contributions to discussions at Board meetings and makes effective use of its meetings

4. Assurance

- From 1 October 2012 the Board's Governance arrangements have focused on the final phase of transition, handover and closure with assurance through CCG shadow governing bodies for performance and service development issues and the Director of Transition providing assurance for transition, handover and closure arrangements. Regular reports were provided to the Board on transition and handover progress and the process for the formal transfer of assets and liabilities and staff to receiving organisations. The seven PCTs as sender organisations transferred their functions, both statutory and non-statutory to 47 other organisations. The process for making this transfer was through a legal transfer scheme; one for staff and one for assets and liabilities for each PCT that makes up the Cluster. The draft transfer scheme was approved by the Board at its final meeting in March 2013.

The Risk and Assurance Committee met for the last time on 27 February 2013. At that meeting the Committee agreed to write to the chairs of the CCGs and the chairs of the CCG audit committees drawing their attention to the risks that would continue beyond the end of March and would be the receiving organisations' responsibility.

5. Risk assessment

5.1 Risk management strategy

The Cluster governance structure was designed to ensure that there was a balance between having robust governance arrangements for the organisation and being able to deliver an effective end state.

The risks to the achievement of the Cluster's Corporate Objectives were identified through the process detailed in the North East London and the City Risk Management Strategy. This document was created following a review of the risk management strategies for:

- East London and the City (comprising City and Hackney PCT, Newham PCT and Tower Hamlets PCT) Risk Management Strategy, and
- The Outer North East London (comprising Barking and Dagenham PCT, Havering PCT, Redbridge PCT and Waltham Forest PCT) Risk Management Strategy.

Elements of best practices from these documents in terms of risk definitions, identification processes, templates and risk matrix were taken out and combined to create the NHS North East London and the City Risk Management Strategy. This was approved by the Board at its May 2012 meeting.

The Risk Management Strategy includes a scoring and escalation process that ensures as far as reasonably practicable that there is a consistency of applied risk ratings across the organisation.

In analysing risks, the risk rating takes the following into account:

- Cluster ability to deliver its objectives and projects
- Harm/injury to patients, staff, visitors and others
- Potential for complaints/claims
- Service/business disruption
- Staffing and competence
- Financial
- Inspection/audit
- Adverse publicity

The risk assessment process draws on the best practice elements of ISO31000 and therefore embraces the concept of enterprise, integrated risk management in ensuring achievement of best outcomes. The Risk Management Strategy sets out the approach to risk which demands embedding risk within all business processes.

In moving forward the North East London and the City Risk Management Strategy was adopted for use by several of the North East London and the City Clinical Commissioning Groups (CCGs). Additionally, the Cluster Board Assurance Framework has been reviewed by the CCGs ensuring that where appropriate, risks are handed over.

5.2 Risk identification

The risks to the achievement of Cluster objectives were identified through two main processes.

- Review of the Board Assurance Frameworks from NHS East London and City and NHS Outer North East London and the City to identify risks, controls, assurances and gaps that remained a threat to NHS North East London and the City, and

- A risk assessment of the Corporate Objectives. The Cluster Board set its Corporate Objectives at the beginning of the 2012/13 year. Subsequent review meetings with the Directorate Risk Leads identified the risks, controls, assurances and gaps. From these discussions the risks were graded in line with the NHS North East London and the City Risk Management Strategy.

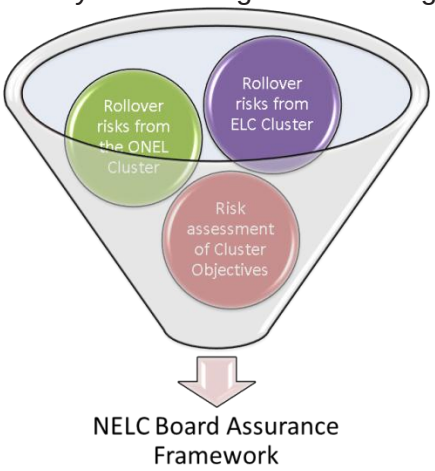


Figure 1 showing the 2 main processes that led to the creation of the NELC Board Assurance Framework

Supplementing this "top down" process of risk identification was that of Corporate Risk Register. Operational risks were identified at a Directorate level and added to the Corporate Risk Register. This process provided a "bottom up" view of risks that were specific to the individual PCTs and those applicable to the Cluster.

In September 2012 NHS London requested that all risks were categorised as at least one of the following:

- In year delivery
- Transition/closure
- Decommissioning
- Zero Tolerance Risk

This categorisation was added to the Board Assurance Framework and the Corporate Risk register in quarter 3.

5.3 Accountability for risks

Individual Directors were held accountable for the risks associated with their directorates. The Board Assurance Framework and Corporate Risk Register were refreshed quarterly through meetings with the directorate risk leads. Once reviewed and revised the documents were reported to the following bodies:

- Transition, Handover and Closure Committee
  This Committee retained oversight for all the risks pertaining to Transition, Handover and Closure. It met on a monthly basis from November 2012

- Risk and Assurance Committee
  This Committee reviews both the Board Assurance Framework and Corporate Risk Register in its entirety at least once a quarter to provide probity of the documents and thus the risks facing the organisation.
  This Committee also had the power to request “Deep Dives” to provide assurance to the Board that the Cluster has effective systems of internal control in relation to risk management and governance. The Committee held one deep dive on the issue of “Quality and handover to the CCGs”.
  It met bi-monthly.

- Audit Committee
  The Audit Committee was responsible for reviewing the effectiveness of the internal control and risk management systems and received reports from management on the effectiveness of the risk systems that the Cluster had established.

- Cluster Board
  The Board received the Board Assurance Framework once a quarter to ensure that the Board retained oversight of all the risks to the achievement of the Corporate Objectives and allow Board members to challenge executives on areas of weak control, assurance or high risk rating.

5.4 Board Assurance Framework 2012/13

Key risks for Newham PCT identified during 2012/13 which populated the Board Assurance Framework for 2012/13 and how their risk rating changed over the financial year are summarised below:

	Risk description	Initial risk	June 12	Aug 12	Nov 12	Mar 13
1.1	There is a risk that some public health targets (including screening) across PCTs will not be met					
1.2	Risk of overspend on revenue resource limit. Risk of not meeting agreed control target surpluses.					
1.3	Risk of financial consequences for future arising from the final year of PCTs, exit/closedown and the overall transition agenda.					
1.4	Ensure we support CCGs to deliver operating plans, QIPP and achieve key strategic aims in 2012/13.This is in relation to improvements in healthcare and financial management.					
1.5	CCG failure to manage all local healthcare providers with support from CSU and the cluster could result in key quality and performance not being achieved as well as the detriment of healthcare delivered to the local population.					
1.6	Failure to meet emergency care access standards at Barts Health could adversely affect service users and other organisations					
1.7	Cooperation and Competition Panel and the Barts Health merger. Requirement to assure the CCP that the quality of care at Newham hospital will improve despite the reduction in competition – eg non-elective services.					
1.8	Maintaining an effective and proactive quality assurance framework during periods of transition for both the provider and commissioner landscape across all provider groups					
1.9	Barts Health merger: failure of new, larger trust to deliver requisite levels of performance across all sites due to transition.					
2.4	Failure to develop a clear plan for clinical and financial sustainability, including a plan to implement Health for North East London acute reconfiguration decisions					
3.1	Loss of talent and organisational memory in both sender and receiver organisations, leading to increased staff costs and the potential of new organisations unable to function and to take on their statutory and other roles by April 2013.					
3.2	There is risk that key performance issues regarding contractors are not managed effectively and key information is not passed on during transition due to delays in clarifying roles, structure and functions in the NHS Commissioning Board London Region and its local area teams.					
3.3	Divestment of remaining provider services and non-commissioning services – via procurement and other transfers. All transfers and procurements must be complete by 31 March 2013. Range and scope of the functions increases the risk.					

3.4	Information risks associated with records management, FoI timescales, Information Governance Toolkit requirements and data protection issues are not effectively managed during transition. Size and scope of records in the legacy PCTs increases this risk.					
3.5	Public Health transition to local authority end state is not achieved within required timescales (also see 3.2)					
3.6	Organisational memory on quality and safety (including safeguarding) is lost to the system and handover is ineffective.					
3.7	IM&T transition is not effectively aligned to transition end state in terms of asset transfer – potential issues around delays in deciding future arrangement of GP ICT at a London level.					
3.8	Failure to develop a robust and sustainable commissioning support organisation through migration					
4.1	There is a risk that the 2012 Olympics and Paralympics will impact on delivery of healthcare, thereby preventing business as usual.					

Risks to the achievement of the corporate objectives were determined at the beginning of the 2012/13 year and reported to the Board in May. From this a Board Assurance Framework was constructed and reviewed at the July meeting and at every meeting through the year. The BAF focus was on risks across the system to the delivery of the corporate objectives; The Risk Register identifies risks on a PCT specific basis as appropriate.

The assessment of risks has been undertaken in accordance with the Cluster's risk strategy and Board Assurance Framework. This includes a risk scoring and escalation process that ensures as far as is practicably possible that there is consistency of applied risk ratings across the organisation. In depth scrutiny of the BAF has been undertaken by the Risk & Assurance committee. This Committee has undertaken a "deep dive" challenge into particular areas of risks, for example quality & safety and has held individual directors to account for the risks associated with their areas of responsibility.

The Assurance Framework was comprehensive in scope, covering the key operational areas of the PCT. Through its inclusion of zero tolerance and horizon scanning risks it ensured the assurances around risk prevention, risk deterrence (eg fraud related risks) and the management of manifested and potential risks.

The Framework is consistent with the template promulgated by the Department of Health and explicitly maps objectives against pertinent risks, controls and assurances. It also describes the ways in which public stakeholders are involved in managing risks which impact on them.

Risks to data security were managed by the Information Governance team. This had limited resources during the year and an audit of the Information Governance Toolkit highlighted a number of deficiencies. These deficiencies were addressed but in the limited time available it was only possible to achieve Level 1 compliance by the end of March 2013.

5.5 Corporate Risk Register

The 12/13 BAF was supplemented by a corporate risk register which highlighted other corporate risks as follows:

- Insufficient and ineffective communications during the transition may lead to some staff, stakeholders and the public not understanding the changes
- Review of creditors and debtors as part of the formal "winding up" process may necessitate write of uncollectable debts and non-payable income potentially causing waste of cluster finances, loss of reputation and potential adverse media attention.
- Information Governance risks relating to non-compliance with the Information Governance toolkit.

These corporate risks have been managed as follows:

- The delivery team for Transition, Handover and Closure put in place relationship managers to ensure there was effective communication with receiving organisations. Regular bulletins have been issued to staff and public communication statements issued in the local press and on website
- A finance closedown team has been put in place to manage "wind up" effectively
- Remedial action was taken to ensure compliance with Information Governance Toolkit by 31 March 2013. Lessons learn from the deficiencies have been passed on the CCGs and the CSU to inform their Information Governance Toolkit compliance for 2013/14

5.6 The Risk and control framework

The Board has considered and developed an Assurance Framework as part of the overall Business Planning cycle. Throughout the year, the Assurance Framework has been continuously amended and updated to refine and develop strategic understanding of the assurance agenda and its various requirements.

A rolling review of the Assurance Framework for 2012/2013, carried out by the PCT's internal auditors, RSM Tenon and Parkhill has demonstrated that there was an effective system of internal control to manage the principal risks identified by the organisation. However it was noted that there is scope for some improvement when articulating the mechanisms that provide assurances that the controls put in place to manage risks are indeed effective. The specific issues that have been highlighted for improvement are listed below:

i. Information Governance

ii. Continuing Care

6. Review of the effectiveness of risk management and internal control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work.

For 2012/13 the Head of Internal Audit has advised me that based on the work undertaken in 2012/13, significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, he has issued an Information Governance report with a RED opinion rating whilst at the same time noting that we are drawing up a response to the recommendations made which we expect to mitigate any gaps in controls identified moving forwards. Executive managers within the organisation who had responsibility for the development and maintenance of the system of internal control provided me with assurance.

The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by other sources including;

- Scrutiny from our external auditors.
- Information Governance Assurance Toolkit compliance submission.
- The cluster's internal monitoring and review process for its quality of commissioned services described in the Department of Health's Operating Framework and delivered through the Risk and Assurance Committee.
- Reports by Internal and External Audit and the results of Patient and Staff Surveys.
- Annual Care Quality Commission (CQC) assessment for safeguarding children.
- Local Safeguarding Children Board (LSCB) annual report.
- Robust incident and complaints monitoring processes, ensuring compliance with national Serious Incident reporting.
- NHS London's review of the plans to support the 2012/13 QIPP programme and consequential financial impacts at both PCT and cluster levels.
- Assurance on fraud and potential fraud is provided through the work of the local counter fraud officer who provides updates, communications and training on all appropriate counter fraud issues to PCT staff and emerging CCG pathfinder organisations.
- My review confirms that Newham PCT had a generally sound system of internal controls that supported the achievement of its policies, aims and objectives and that those control issues have been or are being addressed.
- The Audit Committee provides the Board with an independent and objective view of arrangements for internal financial control within the PCT, ensuring that the Internal Audit service complies with mandatory auditing standards including the review of all fundamental financial systems.

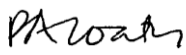
- The Board and Executive Directors managed and reviewed their principal risks through their Performance reviews both with NHS London and the cluster's Operating Plan and the Business Planning process and their contribution to the development of the Assurance Framework.

The gaps in control and assurance identified within the Assurance Framework were the subject of action plans which were approved by the Board.

Significant Issues

The following significant control issues during the year 2012/13 have taken place:

- Deficiencies in compliance with the Information Governance Toolkit. With remedial action in year the PCT only achieved level 1 compliance.
- The backlog in continuing care assessments carries significant financial risks for CCGs.



Peter Coates, CBE
Designated Signing Officer

15 Independent auditor's statement (internal)

HEAD OF INTERNAL AUDIT OPINION ON THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROL AT NEWHAM PCT FOR THE YEAR ENDED 31 MARCH 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 have 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 Accounting 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 up to 31 March 2013, is set out as follows:

Based on the work undertaken in 2012/13, ***significant assurance*** *can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, we have noted two areas of weakness, where RED rated reports have been issued.*

*We were unable to provide assurance over the effectiveness of controls over **Information Governance**. There had been limited work done to update the Information Governance Toolkit throughout the year. The key risks that underpin the failings around information governance and impacted on the control environment in 2012/13 are:*

- *Failings to ensure staff were appropriately trained to mitigate the risk of staff failing to handle and store data securely;*
- *Ineffective management of information governance, information security, clinical information assurance, corporate information assurance and secondary use assurance increasing the likelihood that patients' and staff data will not be effectively handled.*

Management has committed to being able to reach a Level 1 Standard by the end of the financial year, when the final Toolkit assessment is uploaded. Whilst this is not to a satisfactory level (level 2 is deemed satisfactory) there is evidence that Management is responding to the weaknesses identified in our report and further actions identified will be transferred to receiver organisations from 1 April 2013 to help improve the controls over handling patients and staff personal data in line with legislative requirements.

- *We have issued a RED rated report on **Continuing Care (Draft report**). The main weaknesses identified were in the following areas:*
- *The Continuing Care database in use, Broadcare, as it is currently configured does not enable suitable management information regarding completion of Decision Support Tools and other assessments to be produced;*
- *Weaknesses were identified regarding evidence on the eligibility of Continuing Care Patients being provided through the submission of checklists and Decision Support Tools prior to invoices being paid to continuing care providers;*
- *Insufficient evidence could be provided to demonstrate that care reviews were being consistently undertaken for all patients within three months of them being deemed eligible for continuing care funding.*

Management is developing an action plan to ensure that these issues are related to the Commissioning Support Unit, which will provide services to the CCG from 1 April 2013 and that actions are drawn up to resolve these issues.

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

There are no specific issues we would expect the PCT to consider in the formulation of the AGS, other than consideration being given to referencing the points raised above regarding Continuing Care and Information Governance. In addition, consideration should be given to any data security breaches of which it is aware and any other significant control issues not specifically covered by the work of Internal Audit.

RSM Tenon Limited

16 Independent auditor's report (external)

Independent Auditors' Report to the officer responsible for preparing the accounts of Newham Primary Care Trust

We have audited the financial statements of Newham Primary Care Trust ("the PCT") for the year ended 31 March 2013 which 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 the accounting policies directed by the Secretary of State for Health with the consent of the Treasury as relevant to the National Health Service in England set out therein.

Respective responsibilities of the officer responsible for preparing the accounts and auditors

As explained more fully in the Statement of Responsibilities the officer responsible for preparing the accounts is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with accounting policies directed by the Secretary of State, with the consent of the Treasury, as being relevant to the National Health Service in England. Our responsibility is to audit and express an opinion on the financial statements in accordance with Part II of the Audit Commission Act 1998, the Code of Audit Practice 2010 for local NHS bodies issued by the Audit Commission and International Standards on Auditing (ISAs) (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the officer responsible for preparing the accounts of Newham Primary Care Trust in accordance with Part II of the Audit Commission Act 1998 as set out in paragraph 45 of the Statement of Responsibilities of Auditors and of Audited Bodies (Local NHS Bodies) published by the Audit Commission in March 2010 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 PCT's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the PCT; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts 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.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters prescribed by the Code of Audit Practice
In our opinion

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the requirements directed by the Secretary of State with the consent of the Treasury as being relevant to the National Health Service in England;

- 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; and

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Code of Audit Practice issued by the Audit Commission requires us to report to you if:

- in our opinion, the Governance Statement does not comply with the Department of Health's requirements set out in "2012/13 Governance Statements – Guidance " issued on 31 January 2013 or is misleading or inconsistent with information of which we are aware from our audit; or

- we refer a matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because 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.

Conclusion on the PCT's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the PCT and auditors
The PCT is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the PCT has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the PCT has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the PCT's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the arrangements for securing economy, efficiency and effectiveness in the use of resources
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. The Code of Audit Practice issued by the Audit Commission requires us 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, having regard to the guidance issued by the Audit Commission in November 2012. We have considered the results of the following:

- our review of the Governance Statement;
- the work of other relevant regulatory bodies or inspectorates, to the extent that the results of this work impact on our responsibilities at the Trust; and
- our locally determined risk-based work on governance, financial management, asset and information management, and workforce management.

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 Newham Primary Care Trust in accordance with the requirements of Part II of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Kevin Lowe, Engagement Lead

For and on behalf of PricewaterhouseCoopers LLP
Appointed Auditors
7 More London Riverside,
London,
SE1 2RT

4 June 2013

17 External auditor's costs

Newham PCT's external auditor is Price Waterhouse Coopers. They were paid £115,009 (inclusive of VAT) in 2012/13 to carry out the statutory audit. In 2011/12 the fees were £230,018.

18 Glossary of organisation names

A number of organisation names and initials are used in this report.

Clinical commissioning groups (CCGs).
These are led by GPs and other clinicians and have taken statutory responsibility for commissioning local hospital, mental health and community health services, from April 2013.

Commissioning support unit, CSU
These have been established to provide technical support to clinical commissioning groups in carrying out their commissioning responsibilities.

NHS East London and the City; ELC, also referred to as inner north east London.
The cluster of PCTs – City and Hackney, Newham and Tower Hamlets – that worked together under a single management team from April 2010 to March 2011.

Inner North East London; INEL
The area comprising City and Hackney, Newham and Tower Hamlets primary care trusts (see NHS East London and the City; ELC). This comprised the former East London and the City PCTs; City and Hackney, Newham and Tower Hamlets, and the Outer North East London PCTs; Barking and Dagenham, Havering, Redbridge, and Waltham Forest.

NHS North East London and the City; NELC
The cluster of primary care trusts brought together under a single management team from April 2013 to March 2013.

NHS Outer North East London; ONEL
The cluster of PCTs – Barking and Dagenham, Havering, Redbridge, and Waltham Forest that worked together under a single management team from April 2010 to March 2011.

Department of Health

NHS

Newham Primary Care Trust

2012-13 Accounts

Published to gov.uk, in PDF format only.

www.gov.uk/dh

Newham Primary Care Trust

2012-13 Accounts

2012/13 ACCOUNTS CERTIFICATE OF ASSURANCE TO THE DEPARTMENT OF HEALTH DIRECTOR GENERAL, STRATEGY FINANCE AND NHS

I am aware that as signing officer designated by the Department of Health Accounting Officer, you are required to sign the accounts and supporting certificates of **Newham** Primary Care Trust (PCT) in order to comply with the Department's 2012/13 accounts finalisation process.

To assist you in that process, I can confirm that for the year ended 31 March 2013 based on my own knowledge of internal control matters and through experience in my role as Accountable Officer until 31 March 2013, the PCT:

- had in place effective management systems to safeguard public funds and assets and assist in the implementation of corporate governance;
- kept proper accounting records which disclosed with reasonable accuracy at any time the financial position of the PCT;
- took reasonable steps for the prevention and detection of fraud and other irregularities;
- achieved value for money from the resources available to the PCT;
- applied income and expenditure to the purposes intended by Parliament and conformed to the authorities which governed them; and
- had effective and sound financial management systems in place.

I also confirm that in my role overseeing the preparation of the annual statutory accounts, the accounts were prepared in the 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. As required 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.

Name: **Alwen Williams**
Chief Executive

Signed..... A Williams .....

Date..... 4 . 6 . 13 .....

2012/13 ACCOUNTS FINANCE CERTIFICATE OF ASSURANCE TO THE DEPARTMENT OF HEALTH DIRECTOR GENERAL, STRATEGY FINANCE AND NHS

I am aware that as signing officer designated by the Department of Health Accounting Officer, you are required to sign the accounts and supporting certificates of **Newham** Primary Care Trust (PCT) in order to comply with the Department's 2012/13 accounts finalisation process.

To assist you in that process, I can confirm that in my role managing the preparation of the annual statutory accounts, the accounts were prepared in the 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. As required 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.

Name: **Stuart Saw**
Director of Finance

Signed.....

Date.....4th June 2013

CONTENTS

13 Statement of the responsibilities of the signing officer for the Primary Care Trust 2012/13 annual accounts

The Department of Health's Accounting Officer has designated the role of signing officer for the final accounts of Newham Primary Care Trust to discharge the following responsibilities for the Department of Health:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;
- value for money is achieved from the resources available to the primary care trust;
- the expenditure and income of the primary care trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them;
- effective and sound financial management systems are 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, and from the assurances provided by the PCT Accountable Officer until 31 March 2013, I am assured that the responsibilities have been properly discharged.

Peter Coates, CBE
Designated Signing Officer

FOREWARD TO THE ACCOUNTS

NEWHAM PRIMARY CARE TRUST

The financial statements for the year ended 31st March 2013 have been prepared by the Newham 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.

Registered Office:-

Clifton House
75-77 Worship
Street
London
EC2A 2DU

Statement of Financial Position at 31 March 2013

	NOTE	31 March 2013 £000	31 March 2012 £000
Non-current assets:			
Property, plant and equipment	12	**64,674**	67,904
Intangible assets	13	**0**	49
Other financial assets	19	**984**	900
Trade and other receivables	17		3,800
Total non-current assets		**65,658**	72,653
Current assets:			
Trade and other receivables	17	**2,194**	6,983
Cash and cash equivalents	20	**2,005**	185
Total current assets		**4,199**	7,168
Non-current assets held for sale	21		5,750
Total current assets		**4,199**	12,918
Total assets		**69,857**	85,571
Current liabilities			
Trade and other payables	22	**(39,794)**	(40,626)
Provisions	25	**(1,155)**	(989)
Borrowings	23	**(991)**	(892)
Total current liabilities		**(41,940)**	(42,507)
Non-current assets plus/less net current assets/liabilities		**27,917**	43,064
Non-current liabilities			
Provisions	25	(776)	(4,688)
Borrowings	23	(32,688)	(33,649)
Total non-current liabilities		**(33,464)**	(38,337)
Total Assets Employed:		**(5,547)**	4,727
Financed by taxpayers' equity:			
General fund		(22,327)	(19,828)
Revaluation reserve		16,780	24,555
Total taxpayers' equity:		**(5,547)**	4,727

The notes on pages 5 to 41 are an integral part of these accounts

The financial statements on pages 1 to 41 were approved by the Board on the 4th of June 2013 and signed on its behalf by

Designated Signing Officer: Date:

Peter Coates CBE

Statement of Financial Position at 31 March 2013

	NOTE	31 March 2013 £000	31 March 2012 £000
Non-current assets:			
Property, plant and equipment	12	**64,674**	67,904
Intangible assets	13	**0**	49
Other financial assets	19	**984**	900
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Total non-current assets		**65,658**	72,653
Current assets:			
Trade and other receivables	17	**2,194**	6,983
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Total taxpayers' equity:		**(5,547)**	4,727

The notes on pages 5 to 41 are an integral part of these accounts

The financial statements on pages 1 to 41 were approved by the Board on the 4th of June 2013 and signed on its behalf by

Designated Accounting Officer: Date:

Peter Coates CBE

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

	General fund	Revaluation reserve	Total reserves
	£000	£000	£000
Balance at 1 April 2012	**(19,828)**	**24,555**	**4,727**
Changes in taxpayers' equity for 2012-13			
Net operating cost for the year	(590,422)		**(590,422)**
Net gain on revaluation of property, plant, equipment		307	**307**
Impairments and reversals		(3,083)	**(3,083)**
Transfers between reserves	4,999	(4,999)	
Total recognised income and expense for 2012-13	**(585,423)**	**(7,775)**	**(593,198)**
Net Parliamentary funding	582,924		**582,924**
Balance at 31 March 2013	**(22,327)**	**16,780**	**(5,547)**
Balance at 1 April 2011	**(15,626)**	**28,999**	**13,373**
Changes in taxpayers' equity for 2011-12			
Net operating cost for the year	(575,528)		(575,528)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment		2,842	2,842
Impairments and Reversals		(3,316)	(3,316)
Transfers between reserves	3,304	(3,304)	
Release of Reserves to Statement of Comprehensive Net Expenditure		(666)	(666)
Reclassification Adjustments			
Total recognised income and expense for 2011-12	(572,224)	(4,444)	(576,668)
Net Parliamentary funding	568,022		568,022
Balance at 31 March 2012	**(19,828)**	**24,555**	**4,727**

The general fund reflects the cumulative surplus/deficit made arising each year from the Statement of Comprehensive Net Expenditure. The PCT's Parliamentary funding is also accounted for in this reserve. This balance cannot be released back to the Statement of Comprehensive Net Expenditure.

The revaluation reserve reflects movements in the value of property, plant and equipment and intangible assets as set out in the respective accounting policies for each asset category. The revaluation reserve balance relating to each asset is released to the general fund on disposal of that asset.

A transfer between the revaluation reserve and general fund has taken place for an amount of £4,999m in respect of assets which carried a revaluation reserve balance which was no longer required.

The notes on pages 5 to 41 are an integral part of these accounts

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	**(587,312)**	(572,123)
Depreciation and Amortisation	**2,560**	3,313
Impairments and Reversals	**1,241**	1,932
Interest Paid	**(3,354)**	(3,540)
(Increase)/Decrease in Trade and Other Receivables	**6,741**	9,134
Increase/(Decrease) in Trade and Other Payables	**(2,122)**	(6,894)
Provisions Utilised	**(7,894)**	(2,439)
Increase/(Decrease) in Provisions	**4,148**	4,592
Net Cash Inflow/(Outflow) from Operating Activities	**(585,992)**	**(566,025)**
Cash flows from investing activities		
Interest Received	**218**	312
(Payments) for Property, Plant and Equipment	**(1,324)**	(1,534)
(Payments) for Intangible Assets		(24)
Proceeds of disposal of assets held for sale (PPE)	**6,750**	
Net Cash Inflow/(Outflow) from Investing Activities	**5,644**	**(1,246)**
Net cash inflow/(outflow) before financing	**(580,348)**	**(567,271)**
Cash flows from financing activities		
Capital Element of Payments in Respect of Finance Leases and On-SoFP LIFT	**(756)**	(699)
Net Parliamentary Funding	**582,924**	568,022
Net Cash Inflow/(Outflow) from Financing Activities	**582,168**	**567,323**
Net increase/(decrease) in cash and cash equivalents	**1,820**	**52**
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period	**185**	**133**
Cash and Cash Equivalents (and Bank Overdraft) at year end	**2,005**	**185**

This statement provides information on the PCT's liquidity viability and financial adaptability.

The notes on pages 5 to 41 are an integral part of these accounts

1. Accounting policies

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

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

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

1.1 Accounting Conventions

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment.

Going Concern

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

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

Land and buildings have been revaluated or impaired as part of the routine activities within the annual cycle of operations. Further details are given below in the note 1.6 on the accounting policy on depreciation, amortisation and impairments 1.8 on the accounting policy on valuation and note 12 to the accounts.

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 accounts.

LIFT schemes

The PCT has recognised, under IFRIC 12, the need to account for a Local Improvement Finance Trust (LIFT) scheme at Church Road, Barking Road, East Ham Care Centre and Vicarage Lane as a service concession arrangement. The indications of a service concession include the provision of a healthcare service, control over the services and control over the asset at the end of the lease. The leases for these three schemes satisfy these conditions. Previously each 25 year lease was treated as an operating lease under UK GAAP. Each lease is now treated as a finance lease and the assets are included within property, plant and equipment, with a corresponding liability also recognised on the Statement of Financial Position (SoFP).

Depreciation and Amortisation

Newham PCT accounts for deprecation and amortisation in accordance with IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The depreciation and amortisation expense is the recognition of the decline in the value of the asset and the allocation of the cost of the asset over the periods in which the asset will be used. Judgments are made on the estimated useful life of the assets. Further details are given below in the note 1.8 on the accounting policy on depreciation and amortisation and note 12 to the accounts.

Property Revaluations

Newham PCT accounts for revaluation of property in accordance with IAS 16 Property, Plant and Equipment. The revaluations are based on valuations provided by District Valuation Office. A full revaluation takes place every 3-5 years with a desktop exercise valuation made in the intervening years. Further details are contained in the note 1.6 accounting policy on valuations below and note 12 to the accounts.

Non-current Asset Impairments

Newham PCT accounts for non-current asset impairments in accordance with IAS 36 Impairments as adapted for FReM. The impairments are based on valuations provided by the District Valuation Office. Further details are contained in the note 1.8 accounting policy on impairments below and note 14 to the accounts.

Provisions

Newham PCT accounts for provisions in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Provisions are made for liabilities that are uncertain in timing or amount. Calculations of these provisions are based on estimated cash flows relating to these costs, discounted at an appropriate rate where significant. The costs and timings of cash flows relating to these liabilities are based on management estimates supported by appropriate qualified valuers/external advisors. Further details are contained in note 1.16 the accounting policy on provision below and note 25 to the accounts.

NHS North East London and the City Management Allocation

NHS East London and the City was created on 1 April 2011 as a single cluster of the three primary care trusts, the City and Hackney, Newham and Tower Hamlets. The NHS East London and the City worked under a single board and management team. The management structure is accounted for under the City & Hackney PCT and recharged across the three PCTs based on their average weighted capitation for shared departments e.g. Finance, or 100% for PCT specific departments e.g. borough teams. The average weighted capitation for the three PCTs is 33% for City and Hackney PCT, 32% Tower Hamlets PCT and 35% Newham PCT.

On 1 April 2012, NHS North East London and the City merged with NHS Outer North East London to form NHS North East London and the City, and works with a single board. The management sturcture for the three primary care trusts excluding board continues to the acconted as in 2011-12. The board structure for NHS North East London and the City are allocated equally over the 7 prmary care trusts. Further details are contained in notes 4 Miscellaneous Revenue, 5.1 Analysis of Operating Costs and 7.1 Employee Benefits.

Key sources of estimation uncertainty

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

Non-current asset valuations

During the financial year the District Valuation Office conducted an interim asset valuation review of all land and buildings held by the PCT. A valuation report has been prepared in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Standards, 6th Edition, insofar as these terms are consistent with the requirements of HM Treasury, the National Health Service and Department of Health.

Public sector bodies including the NHS are required to apply the revaluation model set out in IAS 16 and value their capital assets to fair value. Fair value is defined in IAS16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction. The fair value of land and buildings is usually determined from market-based evidence by appraisal undertaken by professionally qualified valuers.

The interim asset valuation was undertaken in December 2012 and a final valuation in March 2013 as at the prospective valuation date of 31st March 2013.

The age and remaining lives of buildings and their component parts have been assessed as at the valuation date.

Quality outcome framework

The liability for the QOF payment as part of the GP contract is based on the Quality Management and Analysis System giving the PCT objective feedback on quality of care delivered to patients. It shows how well the practice is performing measured against national achievement targets. Through the QOF, general practices are rewarded financially for aspects of the quality of care they provide.

Accruals

For goods and/or services that have been delivered but for which no invoice has been received/sent, the PCT makes an accrual based on the contractual arrangements that are place and it's legal obligations.

Prescribing and pharmacy liabilities

The Department of Health actions monthly cash charges to the PCT for prescribing and pharmacy contracts. These are issued approximately six weeks in arrears. The PCT uses a forecast provided by the NHS Business Authority to estimate the full year expenditure.

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 probable economic flow to the PCT.

Refer to Note 4 for analysis

1.3 Taxation

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

1.4 Administration and Programme Costs

Treasury has set performance targets in respect of non-frontline expenditure (administration expenditure).
From 2011-12, PCTs therefore analyse and report revenue income and expenditure by "admin and programme"
For PCTs, the Department has defined "admin and programme" in terms of running costs.
The broad definition of running costs includes any cost incurred that is not a direct payment for the provision of healthcare or healthcare related services.
Expense incurred under NHS transition redundancy programmes is however classed as "programme" under Treasury budgetary control arrrangements and so is recorded as such in the accounts.

Refer to Note 5.1 for further disclosure

1.5 Capital Charges

As per the HM Treasury guidance for 2012/13 cost of capital charges and credits have been removed entirely from the PCT's reported financial position. As a result an amount of £8k (2011/12 £309k) has been removed from the resource limit and not charged to the statement of comprehensive net expenditure.

The cost of capital charge is calculated at 3.5% of the net of average assets less liabilities, except for donated assets and cash balances with the Government Banking Services.

1.6 Property, Plant & Equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

Valuation

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

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

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

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.

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.

Increases in the carrying amount on revaluation of land and buildings are credited to revaluation reserve in taxpayers equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve. All other decreases are charged against the statement of comprehensive net expenditure. Each year the difference between depreciation based upon the revalued carrying amount of the asset charged to the statement of comprehensive net expenditure and depreciation based upon the assets original costs is transferred from the revaluation reserve to the general fund.

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.

1.7 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.

Measurement

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) is indexed for relevant price increases, as aproxy for fair value

Refer to note 13 for additional disclosure

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, on a straight line basis. 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 are 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. Also, a transfer is required from the revaluation reserve to general funds of an amount presenting the lower of the impairment charged and the balance for the asset in the revaluation reserve.

1.9 Non-current assets held for sale

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

1.10 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 repayable on demand and that form an integral part of the PCT's cash management.

1.11 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, they are not included in the individual NHS bodies accounts. 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 25.

1.12 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 accounts 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.

The liability was settled with NHS Pension Agency in 2012/13

Termination benefits

Termination benefits are payable when employment is terminated by the PCT before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The PCT recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

1.13 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.

1.14 Contingencies

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

Where the time value of money is material, contingencies are disclosed at their present value.
Refer to note 26 for additional disclosure

1.15 Leases

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

The PCT as lessee

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

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

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

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

GMS Leases

Where the PCT has entered into certain financial arrangements involving the use of GP premises the PCT has determined that under IAS 17, SIC 27 and IFRIC 4 these arrangements must be recognised. Where there are no defined term in the arrangements entered into, the financial value would be included in Operating Cost Statement.

1.16 Provisions

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

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

Legal Claims: The NHSLA does not cover the excess on Liabilities to Thrid Parties Scheme (LTPS) claims or Employer Tribunal claims. These costs are provided by the PCT based on the excess costs as supplied by the NHSLA, or expenditure based on general experience of what the maximum for each type of claim is worth as supplied by solicitors engaged by the PCT in the case of Employer Tribunal claims.

Early Retirement Costs: The PCT is meeting the additional costs of benefits beyond the normal benefits provide by the NHS defined benefit scheme for employees who have previously taken early retirement. The total value of the provision is based on the employer costs for the annual gross pension charges to age 60 and the annual enhanced pension charges from age 60 adjusted for the age factor for each member, as provided by the NHS Pension Agency. The figures, for those members who are 55 years old or over, are increased for the pension increase rate due from April in the following financial year and discounted by the discount rate, both rates are provided by HM Treasury.

Back to Back Provisions: As the NHS structure has evolved a number of organsiations, in which there were future liabilities such as early retirement, redundancies and legal claims, have been divided or merged. As it was inequitable for the resulting organisation to take on the full laibility it was agreed the organisation would host the liability but the liabilities would be shared over the PCTs in the locality based on the current year's service agreements. The provisions are provided for based on the out-standing balance held by the hosting orgnisation.

Dilapidations: The provision relates to complying with lease clauses for buildings which are leased by the PCT. The PCT's dilapidation provisions are calculated based on the estimated cost of meeting future expenditure, in order to settle obligations in respect of lease clauses. The PCT has provided for this in full. The provision is regularly revalued by a qualified external valuer.

Retrospective Continuing Care Claim Provision: In April 2012, the Department of Health announced the deadline of 30 September 2012 for individuals to request an assessment of eligibility for NHS Continuing Healthcare funding, for cases during the period 1 April 2004 – 31 March 2011. Due to the complexity of the review process, the claims received by the dead-line are still being reviewed. The provision for the repayment of nursing care and interest is an estimate of the number successful claims at the average cost of the claims.

Injury Benefit Costs: The NHS Injury Benefit Scheme is a scheme where an eligible person is awarded a Guaranteed Minimum income (GMI) for life. The actual income they receive, in the form of NHS Pensions and certain DWP Benefits are compared to the GMI and the employer is liable for the top up to bring their income in line with their GMI. The allowance is chargeable for the lifetime of the person and the normal Pension Increases apply to these benefits at the same rate as the ordinary ER. The age factor as suplied by NHS LA for early retirement provision has been used to calculate the employers liability for the Injury benefit provision. The provision has been discounted by the discount rate provided by HM Treasury.

1.17 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.

Refer to Note 28 for additional disclosure

Financial assets are initially recognised at fair value.

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

Available for sale financial assets

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

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.

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

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

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

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

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.

1.18 NHS LIFT transactions

HM Treasury has determined that government bodies shall account for infrastructure LIFT 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 LIFT 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 LIFT 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) LIFT assets, liabilities, and finance costs

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

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

A LIFT liability is recognised at the same time as the LIFT 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.

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.

1.19 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 1 Presentation of financial statements (amendment).
IAS 12 Income Taxes (amendment).
IAS 19 (Revised) Employee Benefits - NHS Trusts that recognise defined benefit pension liabilities e.g. where they have staff who are members of the Local govt pension scheme, the standard may have a significant impact for 2013/14 due to the changes in measurement of the net finance cost
IFRS 7 Financial Instruments: Disclosures (amendment)
IFRS 13 Fair Value Measurement – this standard should be applicable for 2013/14, however, HM Treasury has delayed its adoption by government bodies while it finalises some adaptations. The impact on the accounts is unknown until these adaptations are finalised..
IAS 27 Consolidated and separate financial statements – removal of dispensation from consolidating NHS charitable funds
Annual Improvements to IFRS 2011. This standard is potentially applicable to 2013/14 but has not yet been endorsed by the EU and therefore by HM Treasury policy is not available for NHS bodies to apply.

Standards applicable from 2014/15:

IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IAS 27 Separate Financial Statement (amendment)
IAS 28 Investments in Associates and Joint Ventures (amendment)
IAS 32 Financial instruments: Presentation (amendment)

2 Operating segments

Segment	Direct Commissioning	Commissioning Support Services	Other	Total
				2012-13
	£000	£000	£000	£000
Actual net expenditure	77,293	485,301	27,828	590,422
Revenue Resource Limit	76,381	468,451	53,842	598,674
Surplus/(Deficit)	**(912)**	**(16,850)**	**26,014**	**8,252**

				2011-12
	£000	£000	£000	£000
Actual net expenditure	76,419	471,029	28,080	575,528
Revenue Resource Limit	76,438	456,920	51,908	585,266
Surplus/(Deficit)	**19**	**(14,109)**	**23,828**	**9,738**

The Chief Operating Decision Maker is considered to be the East London and City NHS (ELC) Board, which evaluates performance of the organisation based on net expenditure of the segments. Corporate costs are not allocated across the segments and expenditure is reported net of income. SoFP and Cash Flow Statements are not reported on a segmental basis. In 2012-13 the expenditure was allocated to the likely receiver organisation in the new NHS, that is, Clinical Commissioning Group or National Commissioning Board.The activities of the reportable segments are:

Commissioning Support Services

Commissioning has the largest actual expenditure and accounted for 82% of total expenditure in 12/13. Secondary Care Services are commissioned from NHS Trusts, Foundation Trusts and the Independent Sector. The main provider of Acute care is Bartshealth NHS Trust , with mental health services being provided by East London Foundation Trust. GP Prescribing budgets are also within this total.

Direct Commissioning

The PCT commissions medical services from a number of GPs, Dentists, Pharmacists and Optomotrists. In addition thi segment also reflects the costs of commissioning specialist services, which has moved from 2011-12 when it was shown in Commissioning Support Service.

Other

Corporate expenditure is reported separately with no overhead allocation to other segments.

3. Financial Performance Targets

3.1 Revenue Resource Limit

	2012-13 £000	2011-12 £000
The PCTs' performance for the year ended 2012-13 is as follows:		
Total Net Operating Cost for the Financial Year	**590,422**	575,528
Revenue Resource Limit	**598,674**	585,266
Under spend Against Revenue Resource Limit (RRL)	8,252	9,738

3.2 Capital Resource Limit

	2012-13 £000	2011-12 £000
The PCT is required to keep within its Capital Resource Limit.		
Capital Resource Limit	**(1,468)**	1,990
Charge to Capital Resource Limit	**(2,452)**	1,990
Underspend Against CRL	**984**	

3.3 Under/(Over)spend against cash limit

	2012-13 £000	2011-12 £000
Total Charge to Cash Limit	**582,924**	568,022
Cash Limit	**582,924**	568,022
Under spend Against Cash Limit		

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

	2012-13 £000	2011 - 12 £000
Total cash received from DH (Gross)	522,755	507,072
Sub total: net advances	**522,755**	**507,072**
(Less)/plus: transfers (to)/from other resource account bodies (free text note required)		
Plus: cost of Dentistry Schemes (central charge to cash limits)	15,276	14,909
Plus: drugs reimbursement (central charge to cash limits)	44,893	46,041
Parliamentary funding credited to General Fund	**582,924**	**568,022**

4 Miscellaneous Revenue

	2012-13 Total	2012-13 Admin	2012-13 Programme	2011-12
	£000	£000	£000	£000
Fees and Charges	**11**		11	2
Dental Charge income from Contractor-Led GDS & PDS	**1,377**		1,377	1,320
Prescription Charge income	**2,554**		2,554	2,408
Strategic Health Authorities	**1,563**	1,563		1,300
NHS Trusts	**594**	594		389
NHS Foundation Trusts	**10,472**	10,472		10,646
Primary Care Trusts - Other	**531**	531		25
Department of Health - Other				2
Local Authorities	**2**	2		15
Rental income from operating leases	**482**	482		960
Other revenue	**756**	756		721
Total miscellaneous revenue	**18,342**	**14,400**	**3,942**	**17,788**

1. Income that is "Appropriated in Aid" is received from non-NHS Organisations, including Local Authorities and is shown separately to income received from other NHS organisations.

2. Income shown in this note does not include cash received from the Department of Health and drawn down directly into the bank account of the PCT and credited to the General Fund.

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	**51,085**		51,085	95,512
Non-Healthcare	**3,125**	3,125		1,956
Total	**54,210**	**3,125**	**51,085**	**97,468**
Goods and Services from Other NHS Bodies other than FTs				
Goods and services from NHS Trusts	**233,774**		233,774	184,397
Goods and services (other, excl Trusts, FT and PCT))	**17**		17	
Total	**233,791**		**233,791**	**184,397**
Goods and Services from Foundation Trusts	**128,647**		128,647	115,908
Purchase of Healthcare from Non-NHS bodies	**28,795**		28,795	31,858
Social Care from Independent Providers	**1,903**		1,903	383
Expenditure on Drugs Action Teams	**5,397**		5,397	5,842
Non-GMS Services from GPs	**1,595**		1,595	1,514
Contractor Led GDS & PDS (excluding employee benefits)	**16,509**		16,509	16,815
Chair, Non-executive Directors & PEC remuneration	**51**	51		
Consultancy Services	**96**	96		48
Prescribing Costs	**37,819**		37,819	39,631
G/PMS, APMS and PCTMS (excluding employee benefits)	**47,568**		47,568	47,452
New Pharmacy Contract	**13,320**		13,320	11,857
General Ophthalmic Services	**3,679**		3,679	3,568
Supplies and Services - Clinical	**44**		44	58
Supplies and Services - General	**437**	437		424
Establishment	**1,061**	1,061		690
Transport	**25**	25		34
Premises	**4,902**	4,902		4,898
Impairments & Reversals of Property, plant and equipment	**1,223**		1,223	1,932
Depreciation	**2,548**	2,548		3,266
Amortisation	**12**		12	47
Impairment & Reversals Intangible non-current assets	**18**		18	
Impairment of Receivables	**157**	157		90
Audit Fees	**115**	115		231
Education and Training	**22**	22		51
Grants for revenue purposes				8,792
Other	**4,676**	4,060	616	142
Total Operating costs charged to Statement of Comprehensive Net Expenditure	**588,620**	**16,599**	**572,021**	**577,396**
Employee Benefits (excluding capitalised costs)				
PCT Officer Board Members	**931**	931		
Other Employee Benefits	**16,103**	12,663	3,440	12,515
Total Employee Benefits charged to SOCNE	**17,034**	**13,594**	**3,440**	**12,515**
Total Operating Costs	**605,654**	**30,193**	**575,461**	**589,911**
Analysis of grants reported in total operating costs				
Grants to fund revenue expenditure				
To Private Sector				8,792
Total Revenue Grants				**8,792**
Total Grants				**8,792**

	Total	Commissioning Services	Public Health
PCT Running Costs 2012-13			
Running costs (£000s)	**19,460**	17,895	1,565
Weighted population (number in units)	**295,199**	295,199	295,199
Running costs per head of population (£ per head)	**66**	**61**	**5**
PCT Running Costs 2011-12			
Running costs (£000s)	**19,187**	17,827	1,360
Weighted population (number in units)	**295,199**	295,199	295,199
Running costs per head of population (£ per head)	**65**	**60**	**5**

PCT running costs - update wording ' Running costs are costs incurred by an NHS Organisation which are not directly linked to patient treatment or well being.

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

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

5.2 Analysis of operating expenditure by expenditure classification	2012-13 £000	2011-12 £000
Purchase of Primary Health Care		
GMS / PMS/ APMS / PCTMS	47,568	47,452
Prescribing costs	37,819	39,631
Contractor led GDS & PDS	16,509	16,815
General Ophthalmic Services	3,679	3,568
New Pharmacy Contract	13,320	11,857
Non-GMS Services from GPs	1,595	
Total Primary Healthcare purchased	**120,490**	119,323
Purchase of Secondary Healthcare		
Learning Difficulties	4,914	4,860
Mental Illness	60,796	61,043
Maternity	17,303	27,048
General and Acute	249,391	238,727
Accident and emergency	11,939	10,855
Community Health Services	105,267	80,576
Other Contractual	10,148	9,960
Total Secondary Healthcare Purchased	**459,758**	433,069
Grant Funding		
Grants for revenue purposes		8,792
Total Healthcare Purchased by PCT	**580,248**	**561,184**
Social Care from Independent Providers	1,903	383
Healthcare from NHS FTs included above	128,647	115,908

The expenditure shown above analyses the PCT's total expenditure on patient treatment for its own residents. Figures are net of any income recovery from other NHS organisations where the PCT acts as lead commissioner.

No expenditure is shown for self-provided secondary healthcare in 2012/13. The services are provided under partnership agreements with London Borough of Newham, who is the lead partner and are therefore not treated as provider.

6. Operating Leases

Newham PCT has entered into nine operating lease arrangements, with its headquarters, Warehouse K being the most significant and with over 21 years remaining on the lease.

6.1 PCT as lessee

	Buildings £000	2012-13 Total £000	2011-12 £000
Payments recognised as an expense			
Minimum lease payments	**1,174**	**1,174**	1,533
Total	**1,174**	**1,174**	**1,533**
Payable:			
No later than one year	**1,163**	**1,163**	1,213
Between one and five years	**4,171**	**4,171**	4,229
After five years	**10,387**	**10,387**	11,962
Total	**15,721**	**15,721**	**17,404**

6.2 PCT as lessor

	2012-13 £000	2011-12 £000
Recognised as income		
Rental Revenue	**482**	960
Total	**482**	960
Receivable:		
No later than one year	**576**	712
Between one and five years	**2,239**	2,306
After five years	**1,444**	6,099
Total	**4,259**	9,117

Newham PCT has entered into certain financial arrangements involving the use of GP premises. Under: IAS 17 Leases, the PCT has an operating lease arrangement in place for the GMS practices of Dr Knight, Dr Rahman and Dr Knan located at Vicarage Lane. In addition from Oct 2009 an APMS practice - DMC, entered into a 10 year lease arrangement with the PCT for the occupancy of Vicarage Lane.

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
Employee Benefits - Gross Expenditure								
Salaries and wages	11,597	11,597		8,359	8,359		3,238	3,238
Social security costs	877	877		877	877			
Employer Contributions to NHS BSA - Pensions Scheme	1,120	1,120		1,120	1,120			
Other employment benefits	3,322		3,322	3,322		3,322		
Termination benefits	118		118	118		118		
Total employee benefits	17,034	13,594	3,440	13,796	10,356	3,440	3,238	3,238
Total - Net Employee Benefits including capitalised costs	17,034	13,594	3,440	13,796	10,356	3,440	3,238	3,238
Gross Employee Benefits excluding capitalised costs	17,034	13,594	3,440	13,796	10,356	3,440	3,238	3,238
Recognised as:								
Commissioning employee benefits	17,034			13,796			3,238	
Gross Employee Benefits excluding capitalised costs	17,034			13,796			3,238	

Employee Benefits - Prior- year

	Total £000	Permanently employed £000	Other £000
Employee Benefits Gross Expenditure 2011-12			
Salaries and wages	10,295	8,860	1,435
Social security costs	882	882	
Employer Contributions to NHS BSA - Pensions Division	1,151	1,151	
Termination benefits	187	187	
Total gross employee benefits	12,515	11,080	1,435
Total - Net Employee Benefits including capitalised costs	12,515	11,080	1,435
Gross Employee Benefits excluding capitalised costs	12,515	11,080	1,435
Recognised as:			
Commissioning employee benefits	12,515		
Gross Employee Benefits excluding capitalised costs	12,515		

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	3	3		12	12	
Ambulance staff						
Administration and estates	229	165	64	180	163	17
Nursing, midwifery and health visiting staff	1	1		6	6	
Scientific, therapeutic and technical staff	1	1		1	1	
Other				9	9	
TOTAL	233	169	64	207	190	17

7.3 Staff Sickness absence and ill health retirements

	2012-13 Number	2011-12 Number
Total Days Lost	1,518	208
Total Staff Years	195	2,025
Average working Days Lost	7.78	0.10

As per the manual for accounts the overarching principle is that transactions should be accounted for in accordance with accounting standards, with all treatments having been agreed by both parties. Generally, this means revenue income and expenditure should be recorded gross unless the transaction is of a non-trading nature and an organisation is deemed to be acting solely as an agent and does not gain any economic benefit from the transaction. Therefore employee benefits are shown on a net basis as disclosed within note 1.1. Only the element of the salary relating to the PCT has be recorded as expenditure as in substance the employee works for both organisations and the recharge is merely an administrative arrangement. This is in contrast to last financial year where pay recharges were shown gross.

7.4 Exit Packages agreed during 2012-13

	2012-13			2011-12		
Exit package cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
	Number	Number	Number	Number	Number	Number
Lees than £10,000					2	2
£10,001-£25,000	1		1		1	1
£25,001-£50,000					4	4
£50,001-£100,000	1		1			
£100,001 - £150,000						
£150,001 - £200,000						
>£200,000						
Total number of exit packages by type (total cost	2		2		7	7
	£000s	£000s	£000s	£000s	£000s	£000s
Total resource cost	118		118		187	187

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 Scheme. 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 agreed with staff 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	**14,586**	**66,461**	15,133	64,116
Total Non-NHS Trade Invoices Paid Within Target	**12,182**	**53,267**	12,974	51,043
Percentage of Non-NHS Trade Invoices Paid Within Target	83.52%	80.15%	85.73%	79.61%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**3,820**	**447,389**	2,726	429,172
Total NHS Trade Invoices Paid Within Target	**3,322**	**373,755**	2,097	398,925
Percentage of NHS Trade Invoices Paid Within Target	86.96%	83.54%	76.93%	92.95%

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.

9. Investment Income

	2012-13 Total £000	2012-13 Admin £000	2011-12 £000
Interest Income			
LIFT: equity dividends receivable			222
LIFT: loan interest receivable	218	218	90
Subtotal	218	218	312
Total investment income	218	218	312

10. Other Gains and Losses

	2012-13 Total £000	2012-13 Admin £000	2011-12 £000
Gain/(Loss) on disposal of assets other than by sale (PPE)	(193)	(193)	(177)
Gain/(Loss) on disposal of assets other than by sale (intangibles)	(19)	(19)	
Gain (Loss) on disposal of assets held for sale	650	650	
Total	438	438	(177)

11. Finance Costs

	2012-13 Total £000	2012-13 Admin £000	2011-12 £000
Interest on obligations under LIFT contracts:			
- main finance cost	3,766	3,766	3,458
Total interest expense	3,766	3,766	3,458
Provisions - unwinding of discount			82
Total	3,766	3,766	3,540

12.1 Property, plant and equipment

2012-13	Land	Buildings excluding dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
Cost or valuation:	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 1 April 2012	**15,010**	**49,422**	**186**	**1,562**	**86**	**1,102**	**536**	**67,904**
At 1 April 2012	17,423	59,577	186	3,453	126	3,012	1,524	85,301
Additions of Assets Under Construction			2,185					**2,185**
Additions Purchased		1,285		25			14	**1,324**
Reclassifications	(1)	444	(177)	(158)	1	6	(115)	
Disposals other than for sale		(417)		(117)		(497)		**(1,031)**
Upward revaluation/positive indexation	298	9						**307**
Impairments/negative indexation		(3,083)						**(3,083)**
At 31 March 2013	**17,720**	**57,815**	**2,194**	**3,203**	**127**	**2,521**	**1,423**	**85,003**
Depreciation								
At 1 April 2012	**2,413**	**10,155**		**1,891**	**40**	**1,910**	**988**	**17,397**
Reclassifications		150		(77)		1	(74)	
Disposals other than for sale		(312)		(78)		(449)		**(839)**
Impairments		884		83		256		**1,223**
Charged During the Year		1,604		262	32	419	231	**2,548**
At 31 March 2013	**2,413**	**12,481**		**2,081**	**72**	**2,137**	**1,145**	**20,329**
Net Book Value at 31 March 2013	**15,307**	**45,334**	**2,194**	**1,122**	**55**	**384**	**278**	**64,674**
Purchased	15,307	45,334	2,194	1,122	55	384	278	**64,674**
Total at 31 March 2013	**15,307**	**45,334**	**2,194**	**1,122**	**55**	**384**	**278**	**64,674**
Asset financing:								
Owned	8,987	19,881	2,194	1,122	55	384	278	**32,901**
On-SOFP PFI contracts	6,320	25,452						**31,772**
Total at 31 March 2013	**15,307**	**45,334**	**2,194**	**1,122**	**55**	**384**	**278**	**64,674**

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2012	**10,454**	**14,101**						**24,555**
Movements (specify)	(2,184)	(5,591)						**(7,775)**
At 31 March 2013	**8,270**	**8,510**						**16,780**

Additions to Assets Under Construction in 2012-13

	£000
Buildings excl Dwellings	2,185
Balance as at YTD	**2,185**

12.2 Property, plant and equipment

2011-12	Land	Buildings excluding 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
Cost or valuation:								
Net book value at 1 April 2011	**15,905**	**51,907**	**330**	**1,762**	**215**	**1,085**	**806**	**72,010**
At 1 April 2011	**17,400**	**58,933**	**330**	**3,817**	**359**	**7,314**	**1,685**	**89,838**
Additions - purchased		1,035	185	154		580	12	**1,966**
Reclassifications	(329)	435	(106)	103	(103)			
Disposals other than by sale				(621)	(130)	(4,882)	(173)	**(5,806)**
Revaluation & indexation gains	1,881	961						**2,842**
Impairments	(1,529)	(1,787)						**(3,316)**
In-year transfers to/from NHS bodies			(223)					**(223)**
At 31 March 2012	**17,423**	**59,577**	**186**	**3,453**	**126**	**3,012**	**1,524**	**85,301**
Depreciation								
At 1 April 2011	**1,495**	**7,026**		**2,055**	**144**	**6,229**	**879**	**17,828**
Reclassifications				15	(15)			
Disposals other than for sale				(485)	(130)	(4,872)	(142)	**(5,629)**
Impairments	918	1,014						**1,932**
Charged During the Year		2,115		306	41	553	251	**3,266**
At 31 March 2012	**2,413**	**10,155**		**1,891**	**40**	**1,910**	**988**	**17,397**
Net Book Value at 31 March 2012	**15,010**	**49,422**	**186**	**1,562**	**86**	**1,102**	**536**	**67,904**
Purchased	15,010	49,422	186	1,562	86	1,102	536	**67,904**
At 31 March 2012	**15,010**	**49,422**	**186**	**1,562**	**86**	**1,102**	**536**	**67,904**
Asset financing:								
Owned	8,795	22,903	186	1,562	86	720	536	**34,788**
Held on finance lease						382		**382**
On-SOFP PFI contracts	6,215	26,519						**32,734**
At 31 March 2012	**15,010**	**49,422**	**186**	**1,562**	**86**	**1,102**	**536**	**67,904**

Revaluation Reserve Balance for Property, Plant and Equipment

	Land	Buildings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
At 31 March 2011	10,454	18,545						**28,999**
At 1 April 2011	10,454	18,545						**28,999**
Movements	-	(4,444)						**(4,444)**
At 31 March 2012	10,454	14,101						**24,555**

12.3 Property, plant and equipment

Of the total cost or valuation at 31 March 2013, £8.967m related to land and £19.880m related to buildings, installations and fittings valued at existing use value which were owned by the PCT. £6.320m related to land and £25.452m related to buildings, installations and fittings valued at exisiting use value which were not owned by the PCT but came under its LIFT Co arrangement.

During the financial year a revaluation of all properties, including those owned and those included under the LIFT Co arrangement, was undertaken to value assets as at 31 March 2013. This is in line with the accounting policies of the PCT. An independent valuation report has been produced by the District Valuation office which has been prepared in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Standards, 6th Edition, insofar as these terms are consistent with the requirements of HM Treasury, the National Health Service and Department of Health.

The valuation has had the following impact on Land:-

	Increase in Value	Impairment charge to revaluation reserve	Impairment charge to the SOCNE	Total
	£000	£000	£000	£000
APPLEBY	25			25
BALAAM PARK	8			8
EAST HAM	7			7
JOYCE CAMPBELL	15			15
KATHERINE ROAD	12			12
KENNARD ST	14			14
LORD LISTER	20			20
ROYAL DOCKS	17			17
SHREWSB RD NEW	12			12
SHREWSBURY RD	12			12
WEST BECKTON	27			27
WEST HAM	14			14
WESTBURY ROAD	10			10
BOLEYN CENTRE	9			9
FRAIL ELDERLY	60			60
VICARAGE LANE	36			36
	298			298

The valuation has had the following impact on Buildings:-

	Increase in Value	Impairment charge to revaluation reserve	Impairment charge to the SOCNE	Total
	£000	£000	£000	£000
APPLEBY		(320)		(320)
BALAAM PARK		(115)		(115)
EAST HAM			(191)	(191)
FRANCIS HOUSE		(58)		(58)
JOYCE CAMPBELL	9			9
KATHERINE ROAD		(245)	(212)	(457)
KENNARD ST			(274)	(274)
LORD LISTER		(477)		(477)
ROYAL DOCKS		(218)		(218)
SHREWSB RD NEW		(596)		(596)
SHREWSBURY RD		(159)		(159)
WEST BECKTON		(182)		(182)
WEST HAM		(273)		(273)
WESTBURY ROAD		(93)		(93)
BOLEYN CENTRE		(38)	(16)	(54)
CHURCH ROAD		(75)	(27)	(102)
FRAIL ELDERLY		(234)	(10)	(244)
VICARAGE LANE			(154)	(154)
	9	(3,083)	(884)	(3,958)
	307	(3,083)	(884)	(3,660)

The amounts above have been credited/(debited) to the revaluation reserve.

Economic Lives of Property, Plant and Equipment:-

	Min Life Years	Max Life Years
Property, Plant and Equipment		
Buildings excluding dwellings	5	50
Plant and machinery	5	10
Transport equipment	3	5
Information technology	3	5
Furniture and fittings	5	10

13.1 Intangible non-current assets

2012-13	Software purchased	Total
	£000	£000
Net book value at 1 April 2012	49	49
At 1 April 2012	277	277
Disposals other than by sale	(248)	**(248)**
At 31 March 2013	**29**	**29**
Amortisation		
At 1 April 2012	**228**	**228**
Disposals other than by sale	(229)	**(229)**
Impairments charged to operating expenses	18	**18**
Charged during the year	12	**12**
At 31 March 2013	**29**	**29**
Net Book Value at 31 March 2013		

13.2 Intangible non-current assets

2011-12	Software purchased	Total
	£000	£000
At 1 April 2011	**253**	**253**
Additions - purchased	24	**24**
At 31 March 2012	**277**	**277**
Amortisation		
At 1 April 2011	**181**	**181**
Charged during the year	47	**47**
At 31 March 2012	**228**	**228**
Net Book Value at 31 March 2012	**49**	**49**
Net Book Value at 31 March 2012 comprises		
Purchased	49	**49**
Total at 31 March 2012	**49**	**49**

Economic Lives of Intangible non current asset :-

	Min Life Years	Max Life Years
Intangible non current assets		
Software licences	3	3

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

	2012-13 Total £000	2012-13 Programme £000
Property, Plant and Equipment impairments and reversals taken to SoCNE		
Unforeseen obsolescence	1,223	1,223
Total charged to Annually Managed Expenditure	**1,223**	**1,223**
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve		
Loss or damage resulting from normal operations	3,025	3,025
Abandonment of assets in the course of construction	58	58
Total impairments for PPE charged to reserves	**3,083**	**3,083**
Total Impairments of Property, Plant and Equipment	**4,306**	**4,306**
Unforeseen obsolescence	18	18
Total charged to Annually Managed Expenditure	**18**	**18**
Total Impairments of Intangibles	**18**	**18**
Total Impairments charged to Revaluation Reserve	3,083	3,083
Total Impairments charged to SoCNE - AME	1,241	1,241
Overall Total Impairments	**4,324**	**4,324**

As part of the 31st March 2013 valuation carried out by the District Valuation Office an impairment charge of £884k was charged to the statement of comprehensive net expenditure for several of the PCT's buildings. £274k and £212k was in respect of Kennard Street and Katherine Road respectively. These two buildings recently had major capital works especially Kennard Street. The remaining impairment charge of £398k was due to the way in which buildings are valued as explained in the accounting policies of these accounts at note 1.1. The breakdown for this can be seen at note 12.3.

Funding of £1228m was received from the Department of Health into the PCT's Revenue Resource Limit to offset the impairment charge in the year.

Impairment charged to the revaluation reserve in the year relates to those land and buildings which decreased in value due to the District Valuation Office report. Those buildings which were reduced in value were offset by specific balances held within the revaluation reserve for each individual asset. An amount of £3,083m was charged to the revaluation reserve for buildings.

15 Commitments

15.1 Capital commitments

The PCT had not entered into capital commitments at the date of the statement of financial position.

15.2 Other financial commitments

The PCT has not entered into non-cancellable contracts which are not leases or LIFT contracts or other service concession arrangements and excludes contracts with NHS Bodies.

16 Intra-Government and other balances

	Current receivables £000s	Non-current receivables £000s	Current payables £000s
Balances with other Central Government Bodies	13		8,560
Balances with NHS Trusts and Foundation Trusts	743		7,228
Balances with bodies external to government	1,438		24,007
At 31 March 2013	**2,194**		**39,795**
prior period:			
Balances with other Central Government Bodies	549		7,019
Balances with NHS Trusts and Foundation Trusts	3,009		8,591
Balances with bodies external to government	3,425	3,800	25,016
At 31 March 2012	**6,983**	**3,800**	**40,626**

17.1 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	756	2,926		
NHS prepayments and accrued income		632		
Non-NHS receivables - revenue	254	988		
Non-NHS prepayments and accrued income	875	2,293		
Provision for the impairment of receivables	(139)	(276)		
VAT	448	418		
Other receivables		2		3,800
Total	2,194	6,983		3,800
Total current and non current	2,194	10,783		

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.

17.2 Receivables past their due date but not impaired

	31 March 2013 £000	31 March 2012 £000
By up to three months	704	3,496
By three to six months		141
By more than six months		
Total	704	3,637

17.3 Provision for impairment of receivables

	2012-13 £000	2011-12 £000
Balance at 1 April 2012	(276)	(363)
Amount written off during the year	294	177
Amount recovered during the year	13	
(Increase)/decrease in receivables impaired	(170)	(90)
Balance at 31 March 2013	(139)	(276)

18 NHS LIFT investments

	Loan £000	Share capital * £000	Total £000
Balance at 1 April 2012		900	900
Additions	84		84
Revaluations	857	(857)	
Balance at 31 March 2013	941	43	984
Balance at 1 April 2011		900	900
Balance at 31 March 2012		900	900

*Relates to shares in East LIFT Company, which is not traded on the stock exchange, hence have nominal values to the fair value.

IAS 39 defines a financial instrument as a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. In order to comply with IAS requirements all necessary steps have been taken by the PCT to identify and review basic short-term financial instruments, the value of which have generally remained unchanged by the adoption of these standards. Much consideration has been given to checking whether longer-term or more complex financial instrument accounting arrangements have changed. The measurement and recognition of the LIFT Co investment at cost is deemed to be a reasonable approximation of fair value.

19 Other financial assets

	Non-current	
	2012-13 £000	2011-12 £000
*Available for sale financial assets carried at fair value	43	900
Loans carried at amortised cost	941	
Total	984	900
Total other financial assets (current and non-current)	984	900

*Relates to shares in East LIFT Company, which is not traded on the stock excahnge, hence have taken nominal value to be the fair value.

20 Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Opening balance	185	133
Net change in year	1,820	52
Closing balance	2,005	185
Made up of		
Cash with Government Banking Service	2,005	55
Commercial banks		130
Cash and cash equivalents as in statement of financial position	2,005	185
Cash and cash equivalents as in statement of cash flows	2,005	185

21 Non-current assets held for sale

	Land	Buildings, excl. dwellings	Total
	£000	£000	£000
Balance at 1 April 2012	2,481	3,269	**5,750**
Less assets sold in the year	(2,481)	(3,269)	**(5,750)**
Balance at 31 March 2013			
Liabilities associated with assets held for sale at 31 March 2013			
Balance at 1 April 2011	2,481	3,269	**5,750**
Balance at 31 March 2012	**2,481**	**3,269**	**5,750**

Plaistow Hospital site which was held for sale, having been declared non operational and surplus to the PCT's requirement by the Board in 2007/08 and marketed for sale from 2008/09, was disposed off the the Peabody Trust in April 2012

22 Trade and other payables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
NHS payables - revenue	**8,475**	1,811		
NHS accruals and deferred income	**7,313**	13,799		
Family Health Services (FHS) payables	**6,296**	9,992		
Non-NHS payables - revenue	**4,850**	5,597		
Non-NHS payables - capital	**1,290**			
Non_NHS accruals and deferred income	**11,180**	9,050		
Social security costs	**390**	377		
Payments received on account	**1**			
Other	**(1)**			
Total	**39,794**	40,626		
Total payables (current and non-current)	**39,794**	40,626		

23 Borrowings

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
LIFT liabilities:				
Main liability	**838**	765	**32,688**	33,526
Finance lease liabilities	**153**	127		123
Total	**991**	892	**32,688**	33,649
Total other liabilities (current and non-current)	**33,679**	34,541		

Borrowings/Loans - Payment of Principal Falling Due in:

	DH £000s	Other £000s	Total £000s
0 - 1 Years		991	**991**
Over 5 Years		32,688	**32,688**
TOTAL		**33,679**	**33,679**

24 Finance lease obligations

Amounts payable under finance leases (Other)	Minimum lease payments		Present value of minimum lease	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
Within one year	**153**	127	**153**	127
Between one and five years		123		123
Present value of minimum lease payments	**153**	250	**153**	250
Included in:				
Current borrowings			**153**	127
Non-current borrowings				123
			153	250

The PCT entered into a contract to lease GP IT under a finance lease, whereby the asset would be made available for use and rental payments commenced in 23rd March 2012 The minimum payments under the lease were £382k, payable over 3 years.

25 Provisions

	Total £000s	Pensions Relating to Other Staff £000s	Legal Claims £000s	Continuing Care £000s	Other £000s	Redundancy £000s
			Comprising:			
Balance at 1 April 2012	**5,677**	4,701	138	(0)	651	187
Arising During the Year	**4,289**	3,013	3	1,032	241	
Utilised During the Year	**(7,894)**	(7,714)	(66)		(36)	(78)
Reversed Unused	**(141)**		(32)			(109)
Balance at 31 March 2013	**1,931**		**43**	**1,032**	**856**	
Expected Timing of Cash Flows:						
No Later than One Year	**1,155**		**43**	**1,032**	**80**	
Later than One Year and not later than Five Years	**185**				**185**	
Later than Five Years	**591**				**591**	

Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:	
As at 31 March 2013	11,285
As at 31 March 2012	5,619

Provisions for pensions relating to former staff are based on average life expectency projections from the NHS Pension Agency, as there is complete uncertainty to the actual life expectancy of individuals. Further details of these provisions are provided in the accounting policies note 1.16.

Provisions for legal claims are based the projected possiblity of a case occuring and the PCT incuring a loss as provided by external solicitors. Based on estimations provided it is expected the cases will complete in the following year. Further details of these provisions are provided in the accounting policies note 1.16.

Retrospective Continuing Care Claim Provision for the repayment of nursing care and interest is an estimate of the number successful claims at the average cost of the claims. It is expected review and payment of costs will be completed in the following year. Further details of these provisions are provided in the accounting policies note 1.16.

Other includes provisions for injury benefit provision, onerous leases, and dilapidations. Dilapidations are assumed to occur at the end of the lease, other provisions are assumed to be ulitised in the following year. Further details of these provisions are provided in the accounting policies note 1.16.

There is no expected reimbursements for any of the provisions.

In April 2012, the Department of Health announced the deadline of 31 March 2013 for individuals to request an assessment of eligibility for NHS Continuing Healthcare funding, for cases during the period 1 April 2011 – 31 March 2012. With the process still continuing to assess claims for the period 1 April 2004 – 31 March 2011 from the previous deadline of 30 September 2012, the review of the claims for the second dead-line has not yet commenced. Likewise given the subjective nature and process of assessing claims for the period 1 April 2004 to 31 March 2011 there is a possibility of further costs arising that cannot be fully quantified

26 Contingencies

	2012-13 £000	2011-12 £000
Contingent liabilities		10
Net Value of Contingent Liabilities		**10**

27 LIFT - additional information

27.1 Charges to operating expenditure and future commitments in respect of ON and OFF SOFP LIFT	31 March 2013 £000	31 March 2012 £000
Service element of on SOFP LIFT charged to operating expenses in year	1,639	1,540
Total	1,639	1,540

	31 March 2013 £000	31 March 2012 £000
Payments committed to in respect of off SOFP LIFT and the service element of on SOFP LIFT.		
No Later than One Year	1,683	1,540
Later than One Year, No Later than Five Years	7,482	8,452
Later than Five Years	31,675	34,026
Total	40,840	44,018

27.2 Imputed "finance lease" obligations for on SOFP LIFT Contracts due	31 March 2013 £000	31 March 2012 £000
No Later than One Year	4,742	4,156
Later than One Year, No Later than Five Years	19,864	12,467
Later than Five Years	75,508	72,524
Subtotal	100,114	89,147
Less: Interest Element	(66,588)	(54,856)
Total	33,526	34,291

The lease plus arrangement for the four schemes states that the PCT has an option to purchase the LIFT assets at the end of the 25 year period at an adjusted market price. This price effectively measures the difference between the actual open market value at the end of the contract and the residual value of the asset. As the purchase option prices for all three schemes are considerably lower than the fair value and residual value as per the LIFT Co model, a decision has been made by the PCT to exercise the option to purchase the asset at the end of the term. This decision is further supported by the specialist nature of the building and how it meets the health needs of the local community.

The nature and extent of the LIFT Co arrangement is that of a Lease Plus Agreement (LPA) entered into by both East London LIFT Company and the PCT in respect of specific buildings in which the floor plan and space and configuration of the buildings for the four LIFT Schemes have been determined and costed at the financial close. All four LIFT LPA schemes are over a period of 25 years in which a base contract price has been set for the above at £1.089m, £607k, £2.225m and £1.023m per annum respectively. These base contract price figures are then uplifted by the retail price index from the inception of the lease, up to the conclusion of these lease terms to arrive at a nominal contract price for each year of the lease.

Under this joint arrangement, this affords the PCT the rights, and not the option to expect the provision of services in the maintenance of the three LIFT schemes involving planned improvements and replacement programmes for e.g. lifecycle costs. Any failure on the part of the LIFT Co to provide such services will contravene not only the relevant legislation, and regulations, but will give rise to a reduction in the lease plus payments where evidence of a landlord event of default has occurred.

In addition to the above, all four LIFT contracts offers the PCT the option and not the obligation to purchase either all or some of the schemes at a price at the end of the term subject to adjustments to the actual open market value as stipulated by schedule 14 of the LPA contracts. Linked in with this option, is the granting to the PCT if it so wishes, a pre-emption right to purchase the above four schemes in line with schedule 14 of the Lease plus agreement. Similarly the PCT has the option and not the obligation to purchase as a result of any forced sale of shares of either the four schemes above in line with Schedule 14 of the contract. Lastly, the contract affords the PCT in the event of a landlord event of default for e.g. East London LIFT Company failing to achieve actual completion dates or abandoning works, the PCT can terminate the lease in its entirety by notice in writing having immediate effect subject to the provisions of the funder's direct agreement.

28 Financial Instruments

Financial risk management

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

Currency risk

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

Interest rate risk

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

Credit Risk

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

Liquidity Risk

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

28.1 Financial Assets	Loans and receivables	Available for sale	Total
	£000	£000	£000
Receivables - NHS	756		**756**
Receivables - non-NHS	505		**505**
Cash at bank and in hand	2,005		**2,005**
Other financial assets	984		**984**
Total at 31 March 2013	**4,250**		**4,250**
Receivables - NHS	3,558		3,558
Receivables - non-NHS	3,425		3,425
Cash at bank and in hand	185		185
Other financial assets		900	900
Total at 31 March 2012	7,168	900	8,068

28.2 Financial Liabilities	Other	Total
	£000	£000
NHS payables	15,788	**15,788**
Non-NHS payables	23,927	**23,927**
PFI & finance lease obligations	33,679	**33,679**
Other financial liabilities	1	1
Total at 31 March 2013	**73,395**	**73,395**
NHS payables	25,602	25,602
Non-NHS payables	15,024	15,024
PFI & finance lease obligations	34,541	34,541
Total at 31 March 2012	75,167	75,167

29 Related party transactions

Newham PCT is a body corporate established by order of the Secretary of State for Health.

During the year, the following Board Members, or members of the key management staff or parties related to them, have undertaken the following transactions with Newham Primary Care Trust.

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£	£	£	£
Dr Ashwin Shah	1,139,751			
Prior year Comparators				
*Dr Philip Abiola - Lord Lister Health Centre	80,096			
Dr Ashwin Shah	1,011,361			
*Dr M Patel	424,389			

* Ceased to be memebers of the board or key management following the estalishement of East London City Cluster.

The Department of Health is regarded as a related party. During the year Newham 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 are payments for healthcare and commissioning services. These entities are listed below;

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£,000	£,000	£,000	£,000
Barts Health NHS Trust	211,334	594	2,380	52
East London NHS Foundation Trust	101,424	10,472	2,923	526
Croydon PCT	36,083			
London Ambulance Service NHS Trust	10,154		33	
Barking Havering & Redbridge University Hospitals NHS Trust	4,985		41	
City And Hackney Teaching PCT	10,487	491	1,648	
Prior year Comparators				
Newham University Hospital NHS Trust (Barts Health NHS Trust)	100,650	360	3,204	2,691
East London NHS Foundation Trust	99,092	10,646	496	187
Croydon PCT	34,296			219
London Ambulance Service NHS Trust	7,453	3	33	
Whipps Cross University Hospital NHS Trust	8,396		123	
Barking Havering & Redbridge University Hospitals NHS Trust	3,961		734	
City And Hackney Teaching PCT	1,956		3,286	
Tower Hamlets Primary Care Trust	60,631		2,800	13

30 Events after the end of the reporting period

The main functions carried out by Newham PCT in 2012-13 are to be carried out in 2013-14 by the following public sector bodies:

NHS England, will commission Primary Care Services from a number of GPs, Dentists, Pharmacists and Optomotrists and Secondary Specialist Care Services from the NHS Trusts, Foundation Trusts and the Independent Sector. Newham Hamlets Clinical Commissioning Group, will commission Secondary Care Services (excluding Specialist Care Services) from the NHS Trusts, Foundation Trusts and the Independent Sector. NHS Property Services Ltd, will provide management services of the NHS Estates.

Property, Plant and Equipment assets have transferred to NHS Property Services Ltd, NHS England, Newham Clinical Commissioning Group, NHS Barts Health Trust and East London Foundation Trust on 1st April 2013. These were considered operational at the year end, and so have not been impaired in the PCTs' books. It is for the successor body to consider whether, in 2013-14, it is necessary to review these for impairment.

The schedule below shows the summary analysis of the financial value of assets and liabilities transferred to receiving bodies of the PCT.

		Entities receiving assets and liabilities following the PCT's closure					
The assets and liabilities of the PCT/SHA were transferred to successor bodies on 1 April 2013 as follows:	Balances held by the PCT at 31 March 2013	Department of Health	Clinical Commissioning Groups	NHS England	NHS Foundation Trusts	NHS Property Services	Community Health Partnerships
	£000	£000	£000	£000	£000		
Non-current assets:							
Property, plant and equipment	64,674		1,166	431	6,128	25,180	31,769
Other financial assets	984						984
Total non-current assets	**65,658**		**1,166**	**431**	**6,128**	**25,180**	**32,753**
Current assets:							
Trade and other receivables	2,194	1,319		644	28	203	
Cash and cash equivalents	2,005	2,005					
Total current assets	**4,199**	**3,324**		**644**	**28**	**203**	
Total current assets	**4,199**	**3,324**		**644**	**28**	**203**	
Total assets	**69,857**	**3,324**	**1,166**	**1,075**	**6,156**	**25,383**	**32,753**
Current liabilities							
Trade and other payables	(39,794)	(28,665)	(7,272)	(3,857)			
Provisions	(1,155)	(54)	(1,032)		(47)	(22)	
Borrowings	(991)		(153)				(838)
Total current liabilities	(41,940)	(28,719)	(8,457)	(3,857)	(47)	(22)	(838)
Non-current assets plus/less net current assets/liabilities	**27,917**	**(25,395)**	**(7,291)**	**(2,782)**	**6,109**	**25,361**	**31,915**
Non-current liabilities							
Provisions	(776)	(215)			(67)	(209)	(285)
Borrowings	(32,688)						(32,688)
Total non-current liabilities	**(33,464)**	**(215)**			**(67)**	**(209)**	**(32,973)**
Total Assets Employed:	**(5,547)**	**(25,610)**	**(7,291)**	**(2,782)**	**6,042**	**25,152**	**(1,058)**
Financed by taxpayers' equity:							
General fund	(22,327)	(25,610)	(7,291)	(2,782)	2,654	12,933	(2,231)
Revaluation reserve	16,780				3,388	12,219	1,173
Total taxpayers' equity:	**(5,547)**	**(25,610)**	**(7,291)**	**(2,782)**	**6,042**	**25,152**	**(1,058)**

As at 22 May 2013, Trade and other receivables has reduced by £650k from £2,194k to £1,544k. Trade and other payables has reduced from £39,794k to £17,333k a reduction of £22,461k.

16 Independent auditor's report (external)

Independent Auditors' Report to the officer responsible for preparing the accounts of Newham Primary Care Trust

We have audited the financial statements of Newham Primary Care Trust ("the PCT") for the year ended 31 March 2013 which 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 the accounting policies directed by the Secretary of State for Health with the consent of the Treasury as relevant to the National Health Service in England set out therein.

Respective responsibilities of the officer responsible for preparing the accounts and auditors

As explained more fully in the Statement of Responsibilities the officer responsible for preparing the accounts is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with accounting policies directed by the Secretary of State, with the consent of the Treasury, as being relevant to the National Health Service in England. Our responsibility is to audit and express an opinion on the financial statements in accordance with Part II of the Audit Commission Act 1998, the Code of Audit Practice 2010 for local NHS bodies issued by the Audit Commission and International Standards on Auditing (ISAs) (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the officer responsible for preparing the accounts of Newham Primary Care Trust in accordance with Part II of the Audit Commission Act 1998 as set out in paragraph 45 of the Statement of Responsibilities of Auditors and of Audited Bodies (Local NHS Bodies) published by the Audit Commission in March 2010 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 PCT's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the PCT; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts 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.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters prescribed by the Code of Audit Practice
In our opinion

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the requirements directed by the Secretary of State with the consent of the Treasury as being relevant to the National Health Service in England;

- 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; and

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Code of Audit Practice issued by the Audit Commission requires us to report to you if:

- in our opinion, the Governance Statement does not comply with the Department of Health's requirements set out in "2012/13 Governance Statements – Guidance " issued on 31 January 2013 or is misleading or inconsistent with information of which we are aware from our audit; or

- we refer a matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because 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.

Conclusion on the PCT's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the PCT and auditors
The PCT is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the PCT has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the PCT has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the PCT's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the arrangements for securing economy, efficiency and effectiveness in the use of resources

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. The Code of Audit Practice issued by the Audit Commission requires us 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, having regard to the guidance issued by the Audit Commission in November 2012. We have considered the results of the following:

- our review of the Governance Statement;
- the work of other relevant regulatory bodies or inspectorates, to the extent that the results of this work impact on our responsibilities at the Trust; and
- our locally determined risk-based work on governance, financial management, asset and information management, and workforce management.

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 Newham Primary Care Trust in accordance with the requirements of Part II of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Kevin Lowe

Kevin Lowe, Engagement Lead

For and on behalf of PricewaterhouseCoopers LLP
Appointed Auditors
7 More London Riverside,
London,
SE1 2RT

4 June 2013

17 External auditor's costs

Newham PCT's external auditor is Price Waterhouse Coopers. They were paid £115,009 (inclusive of VAT) in 2012/13 to carry out the statutory audit. In 2011/12 the fees were £230,018.

14 Annual governance statement

Name of organisation: Newham Primary Care Trust

1. Scope of responsibility

The Board was accountable for internal control. During 2012/13 the Chief Executive of the Board had responsibility for maintaining a sound system of internal control that supported the achievement of the organisation's policies, aims and objectives. She also had responsibility for safeguarding the public funds and the organisation's assets.

As Designated Signing Officer I have sought assurance from the chief executive of the PCT on these matters.

The Chief Executive of the PCT was accountable to the Chair of the PCT and the Chief Executive of the Strategic Health Authority. The Chief Executive was regularly performance managed through twice yearly performance appraisals undertaken by the Chair of the Board.

In addition, the Strategic Health Authority (NHS London) met regularly with the directors and the chief executive during the year to formally review performance on delivering the organisation's objectives. These meetings were formally minuted.

Systems and processes were in place to enable effective working with these partner organisations.

In recognition of the risk in establishing an appropriate management structure to manage seven PCTs as a cluster with robust governance arrangements and organisational form to deliver its objectives significant assurance was received from the internal auditors, RSM Tenon and Parkhill, that the cluster governance arrangements and controls upon which the organisation relies to manage the risk were suitably designed, consistently applied and effective.

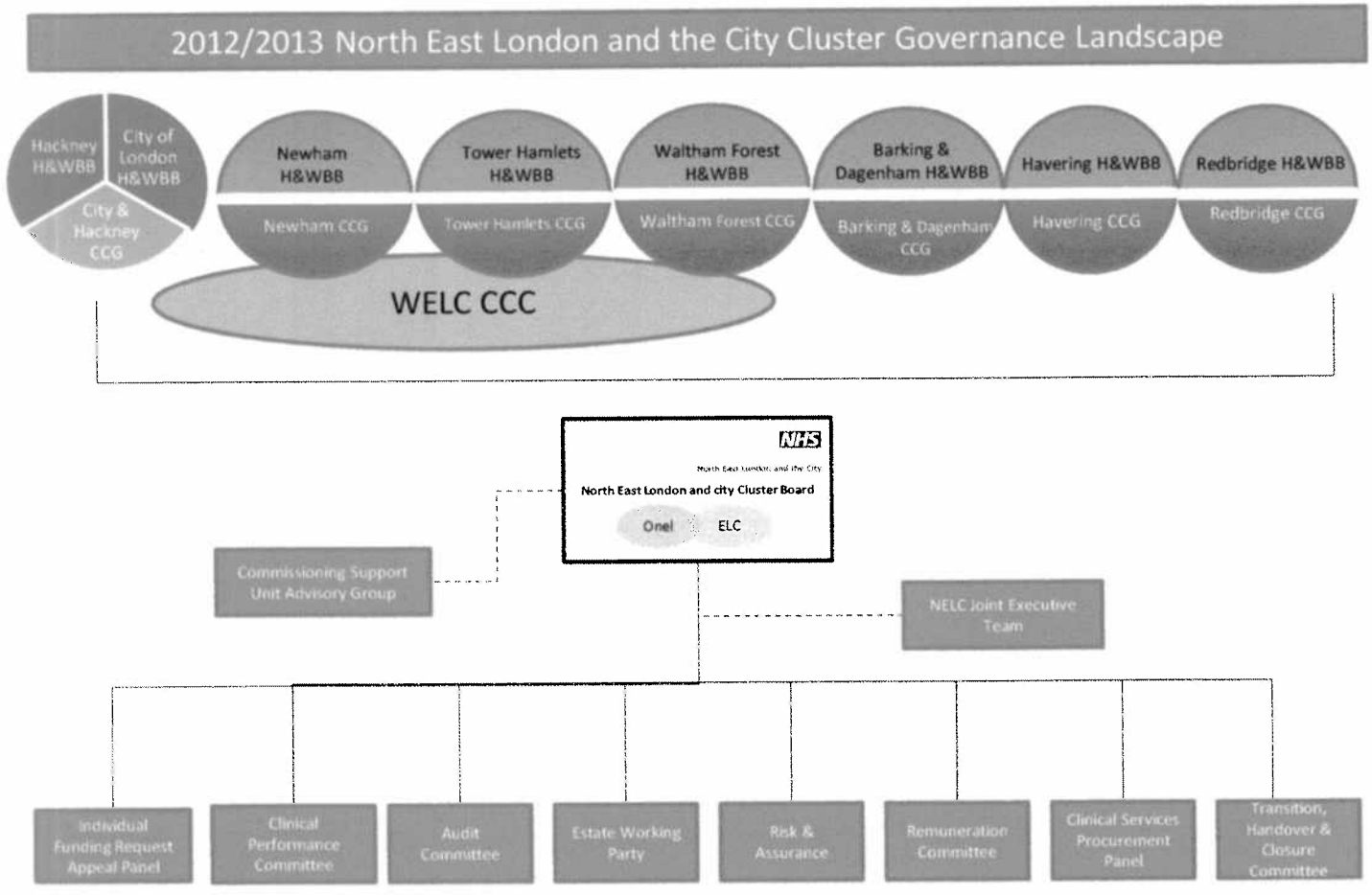
2. The governance framework of the organisation

The governance structure was designed to ensure that there was a balance between having robust governance arrangements for the organisation and being able to deliver an effective end state.

In January 2012 the boards of the seven PCTs in North East London and City agreed to work as a Cluster through an integrated management structure with effect from April 2012. This arrangement encompassed the Chair and non-executive director team being appointed across the seven PCTs and a single management team. The governance model met the requirements of the Department of Health guidance 'model 2'. These comply with the Corporate Governance Code without departure. Arrangements in place for the discharge of statutory functions have been checked for irregularities, and to ensure they are legally compliant.

The model was delivered through a joint committee structure from April 2012, shown below:

NHS North East London and City committee structure



Agreed April 2012

The Cluster Board for North East London and the City met on a bimonthly basis during 2012/2013 until March when two meetings were necessary to complete Board business and close down all seven PCTs.

The work of the Board was underpinned by a single Corporate Governance Framework for the transition year together with a single set of Standing Orders, Standing Financial Instructions and Scheme of Delegation. This framework has enabled the Cluster to conduct its business during a period of significant change in the NHS. It has also supported the establishment of the Clinical Commissioning Groups as sub-committees of the Board and a robust Performance Management Framework to ensure accountability.

The Board's work has been supported by a number of committees as evidenced in the structure diagram. These committees have been chaired by Non-Executive Directors or Associate Non-Executive Directors. The role of Associate Non-Executive Director was created as part of the governance arrangements for the Cluster and has ensured that a wide range of non-executive knowledge and experience was retained and used in the assurance process.

The Audit Committee met on a bi-monthly basis through to September 2012 and then met monthly from October 2012 to March to strengthen assurance. It has been quorate on each occasion. It has considered internally and externally audit reports along with updates from the counter-fraud officer. It has received updates and reviewed reports on finance, the Board Assurance Framework and Corporate Risk Register together with feedback from the Risk and Assurance Committee. It has also reviewed work in relation to transition, handover and closure and from November 2012 received reports from the Transition, Handover and Closure Committee.

The Risk and Assurance Committee was established from April 2012 and met on a bi-monthly basis from May. The role of the Committee has been to review management action in relation to risks that impact on the delivery of the operating plans and the achievement of the corporate objectives in order to give assurance to the Board. The committee has been quorate on all occasions.

The Transition, Handover and Closure Committee chaired by a Non-Executive Director was established in October 2012 to provide additional assurance to the Board during the final months up until closure. It has met on a monthly basis since November and undertaken in depth reviews of plans, including the Transfer Schemes for staff, assets and liabilities and the closedown plans.

The Remuneration Committee met eight times in 2012/13 to consider matters relative to remuneration and terms of service of the senior management team and staff matters relating to handover and closure. All meetings were quorate.

3 Board effectiveness

All Board members were asked to complete a board evaluation questionnaire in March 2013. The questions covered the broad themes on the key functions of the Board. Board members were requested to indicate the extent to which they agreed or disagreed (to varying degrees) with the statements contained in the questionnaire. Board members also had the additional opportunity of providing comments.

Just over half of the Executive and Non-Executive Directors completed the questionnaire and their responses have been kept confidential. The general picture that emerges from the responses to the board evaluation questionnaire is that the Board is generally confident:

- that the members individually and collectively understand what is expected of them

- that it effectively carries out its functions in relation to its provision of strategic leadership to the organisation
- that it monitors the implementation of the strategic plan that it sets for the organization
- that the Board provides leadership to the organisation in the delivery of quality improvement
- that it is assured that a sound system of internal control and risk management is in place within the organisation and is functioning effectively
- that there is an effective working relationship between the Board and the management team
- that the Board has an effective working relationship with its internal and external stakeholders
- that Board members are satisfied that they make meaningful, informed and robust contributions to discussions at Board meetings and makes effective use of its meetings

4. Assurance

- From 1 October 2012 the Board's Governance arrangements have focused on the final phase of transition, handover and closure with assurance through CCG shadow governing bodies for performance and service development issues and the Director of Transition providing assurance for transition, handover and closure arrangements. Regular reports were provided to the Board on transition and handover progress and the process for the formal transfer of assets and liabilities and staff to receiving organisations. The seven PCTs as sender organisations transferred their functions, both statutory and non-statutory to 47 other organisations. The process for making this transfer was through a legal transfer scheme; one for staff and one for assets and liabilities for each PCT that makes up the Cluster. The draft transfer scheme was approved by the Board at its final meeting in March 2013.

The Risk and Assurance Committee met for the last time on 27 February 2013. At that meeting the Committee agreed to write to the chairs of the CCGs and the chairs of the CCG audit committees drawing their attention to the risks that would continue beyond the end of March and would be the receiving organisations' responsibility.

5. Risk assessment

5.1 Risk management strategy

The Cluster governance structure was designed to ensure that there was a balance between having robust governance arrangements for the organisation and being able to deliver an effective end state.

The risks to the achievement of the Cluster's Corporate Objectives were identified through the process detailed in the North East London and the City Risk Management Strategy. This document was created following a review of the risk management strategies for:

- East London and the City (comprising City and Hackney PCT, Newham PCT and Tower Hamlets PCT) Risk Management Strategy, and
- The Outer North East London (comprising Barking and Dagenham PCT, Havering PCT, Redbridge PCT and Waltham Forest PCT) Risk Management Strategy.

Elements of best practices from these documents in terms of risk definitions, identification processes, templates and risk matrix were taken out and combined to create the NHS North East London and the City Risk Management Strategy. This was approved by the Board at its May 2012 meeting.

The Risk Management Strategy includes a scoring and escalation process that ensures as far as reasonably practicable that there is a consistency of applied risk ratings across the organisation.

In analysing risks, the risk rating takes the following into account:

- Cluster ability to deliver its objectives and projects
- Harm/injury to patients, staff, visitors and others
- Potential for complaints/claims
- Service/business disruption
- Staffing and competence
- Financial
- Inspection/audit
- Adverse publicity

The risk assessment process draws on the best practice elements of ISO31000 and therefore embraces the concept of enterprise, integrated risk management in ensuring achievement of best outcomes. The Risk Management Strategy sets out the approach to risk which demands embedding risk within all business processes.

In moving forward the North East London and the City Risk Management Strategy was adopted for use by several of the North East London and the City Clinical Commissioning Groups (CCGs). Additionally, the Cluster Board Assurance Framework has been reviewed by the CCGs ensuring that where appropriate, risks are handed over.

5.2 Risk identification

The risks to the achievement of Cluster objectives were identified through two main processes.

- Review of the Board Assurance Frameworks from NHS East London and City and NHS Outer North East London and the City to identify risks, controls, assurances and gaps that remained a threat to NHS North East London and the City, and

- A risk assessment of the Corporate Objectives. The Cluster Board set its Corporate Objectives at the beginning of the 2012/13 year. Subsequent review meetings with the Directorate Risk Leads identified the risks, controls, assurances and gaps. From these discussions the risks were graded in line with the NHS North East London and the City Risk Management Strategy.

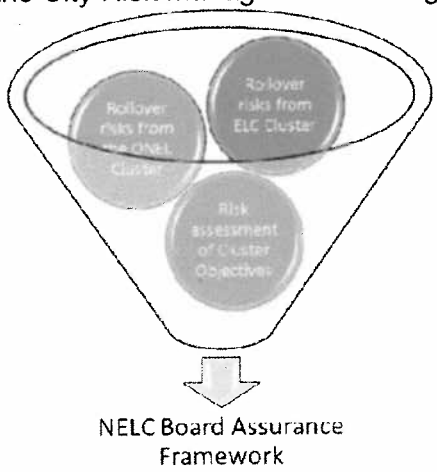


Figure 1 showing the 2 main processes that led to the creation of the NELC Board Assurance Framework

Supplementing this "top down" process of risk identification was that of Corporate Risk Register. Operational risks were identified at a Directorate level and added to the Corporate Risk Register. This process provided a "bottom up" view of risks that were specific to the individual PCTs and those applicable to the Cluster.

In September 2012 NHS London requested that all risks were categorised as at least one of the following:

- In year delivery
- Transition/closure
- Decommissioning
- Zero Tolerance Risk

This categorisation was added to the Board Assurance Framework and the Corporate Risk register in quarter 3.

5.3 Accountability for risks

Individual Directors were held accountable for the risks associated with their directorates. The Board Assurance Framework and Corporate Risk Register were refreshed quarterly through meetings with the directorate risk leads. Once reviewed and revised the documents were reported to the following bodies:

- Transition, Handover and Closure Committee
  This Committee retained oversight for all the risks pertaining to Transition, Handover and Closure. It met on a monthly basis from November 2012

- Risk and Assurance Committee
  This Committee reviews both the Board Assurance Framework and Corporate Risk Register in its entirety at least once a quarter to provide probity of the documents and thus the risks facing the organisation.
  This Committee also had the power to request "Deep Dives" to provide assurance to the Board that the Cluster has effective systems of internal control in relation to risk management and governance. The Committee held one deep dive on the issue of "Quality and handover to the CCGs".
  It met bi-monthly.

- Audit Committee
  The Audit Committee was responsible for reviewing the effectiveness of the internal control and risk management systems and received reports from management on the effectiveness of the risk systems that the Cluster had established.

- Cluster Board
  The Board received the Board Assurance Framework once a quarter to ensure that the Board retained oversight of all the risks to the achievement of the Corporate Objectives and allow Board members to challenge executives on areas of weak control, assurance or high risk rating.

5.4 Board Assurance Framework 2012/13

Key risks for Newham PCT identified during 2012/13 which populated the Board Assurance Framework for 2012/13 and how their risk rating changed over the financial year are summarised below:

	Risk description	Initial risk	June 12	Aug 12	Nov 12	Mar 13
1.1	There is a risk that some public health targets (including screening) across PCTs will not be met					
1.2	Risk of overspend on revenue resource limit. Risk of not meeting agreed control target surpluses.					
1.3	Risk of financial consequences for future arising from the final year of PCTs, exit/closedown and the overall transition agenda.					
1.4	Ensure we support CCGs to deliver operating plans, QIPP and achieve key strategic aims in 2012/13.This is in relation to improvements in healthcare and financial management.					
1.5	CCG failure to manage all local healthcare providers with support from CSU and the cluster could result in key quality and performance not being achieved as well as the detriment of healthcare delivered to the local population.					
1.6	Failure to meet emergency care access standards at Barts Health could adversely affect service users and other organisations					
1.7	Cooperation and Competition Panel and the Barts Health merger. Requirement to assure the CCP that the quality of care at Newham hospital will improve despite the reduction in competition – eg non-elective services.					

1.8	Maintaining an effective and proactive quality assurance framework during periods of transition for both the provider and commissioner landscape across all provider groups	
1.9	Barts Health merger: failure of new, larger trust to deliver requisite levels of performance across all sites due to transition.	
2.4	Failure to develop a clear plan for clinical and financial sustainability, including a plan to implement Health for North East London acute reconfiguration decisions	
3.1	Loss of talent and organisational memory in both sender and receiver organisations, leading to increased staff costs and the potential of new organisations unable to function and to take on their statutory and other roles by April 2013.	
3.2	There is risk that key performance issues regarding contractors are not managed effectively and key information is not passed on during transition due to delays in clarifying roles, structure and functions in the NHS Commissioning Board London Region and its local area teams.	
3.3	Divestment of remaining provider services and non-commissioning services – via procurement and other transfers. All transfers and procurements must be complete by 31 March 2013. Range and scope of the functions increases the risk.	
3.4	Information risks associated with records management, FoI timescales, Information Governance Toolkit requirements and data protection issues are not effectively managed during transition. Size and scope of records in the legacy PCTs increases this risk.	
3.5	Public Health transition to local authority end state is not achieved within required timescales (also see 3.2)	
3.6	Organisational memory on quality and safety (including safeguarding) is lost to the system and handover is ineffective.	
3.7	IM&T transition is not effectively aligned to transition end state in terms of asset transfer – potential issues around delays in deciding future arrangement of GP ICT at a London level.	
3.8	Failure to develop a robust and sustainable commissioning support organisation through migration	
4.1	There is a risk that the 2012 Olympics and Paralympics will impact on delivery of healthcare, thereby preventing business as usual.	

Risks to the achievement of the corporate objectives were determined at the beginning of the 2012/13 year and reported to the Board in May. From this a Board Assurance Framework was constructed and reviewed at the July meeting and at every meeting through the year. The BAF focus was on risks across the system to the delivery of the corporate objectives; The Risk Register identifies risks on a PCT specific basis as appropriate.

The assessment of risks has been undertaken in accordance with the Cluster's risk strategy and Board Assurance Framework. This includes a risk scoring and escalation process that ensures as far as is practicably possible that there is consistency of applied risk ratings

across the organisation. In depth scrutiny of the BAF has been undertaken by the Risk & Assurance committee. This Committee has undertaken a "deep dive" challenge into particular areas of risks, for example quality & safety and has held individual directors to account for the risks associated with their areas of responsibility.

The Assurance Framework was comprehensive in scope, covering the key operational areas of the PCT. Through its inclusion of zero tolerance and horizon scanning risks it ensured the assurances around risk prevention, risk deterrence (eg fraud related risks) and the management of manifested and potential risks.

The Framework is consistent with the template promulgated by the Department of Health and explicitly maps objectives against pertinent risks, controls and assurances. It also describes the ways in which public stakeholders are involved in managing risks which impact on them.

Risks to data security were managed by the Information Governance team. This had limited resources during the year and an audit of the Information Governance Toolkit highlighted a number of deficiencies. These deficiencies were addressed but in the limited time available it was only possible to achieve Level 1 compliance by the end of March 2013.

5.5 Corporate Risk Register

The 12/13 BAF was supplemented by a corporate risk register which highlighted other corporate risks as follows:

- Insufficient and ineffective communications during the transition may lead to some staff, stakeholders and the public not understanding the changes
- Review of creditors and debtors as part of the formal "winding up" process may necessitate write of uncollectable debts and non-payable income potentially causing waste of cluster finances, loss of reputation and potential adverse media attention.
- Information Governance risks relating to non-compliance with the Information Governance toolkit.

These corporate risks have been managed as follows:

- The delivery team for Transition, Handover and Closure put in place relationship managers to ensure there was effective communication with receiving organisations. Regular bulletins have been issued to staff and public communication statements issued in the local press and on website
- A finance closedown team has been put in place to manage "wind up" effectively
- Remedial action was taken to ensure compliance with Information Governance Toolkit by 31 March 2013. Lessons learn from the deficiencies have been passed on the CCGs and the CSU to inform their Information Governance Toolkit compliance for 2013/14

5.6 The Risk and control framework

The Board has considered and developed an Assurance Framework as part of the overall Business Planning cycle. Throughout the year, the Assurance Framework has been continuously amended and updated to refine and develop strategic understanding of the assurance agenda and its various requirements.

A rolling review of the Assurance Framework for 2012/2013, carried out by the PCT's internal auditors, RSM Tenon and Parkhill has demonstrated that there was an effective system of internal control to manage the principal risks identified by the organisation.

However it was noted that there is scope for some improvement when articulating the mechanisms that provide assurances that the controls put in place to manage risks are indeed effective. The specific issues that have been highlighted for improvement are listed below:

i. Information Governance
ii. Continuing Care

6. Review of the effectiveness of risk management and internal control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work.
For 2012/13 the Head of Internal Audit has advised me that based on the work undertaken in 2012/13, significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently.

However, he has issued an Information Governance report with a RED opinion rating whilst at the same time noting that we are drawing up a response to the recommendations made which we expect to mitigate any gaps in controls identified moving forwards. Executive managers within the organisation who had responsibility for the development and maintenance of the system of internal control provided me with assurance.

The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by other sources including;

- Scrutiny from our external auditors
- Information Governance Assurance Toolkit compliance submission
- The cluster's internal monitoring and review process for its quality of commissioned services described in the Department of Health's Operating Framework and delivered through the Risk and Assurance Committee
- Reports by Internal and External Audit and the results of Patient and Staff Surveys
- Annual Care Quality Commission (CQC) assessment for safeguarding children
- Local Safeguarding Children Board (LSCB) annual report
- Robust incident and complaints monitoring processes, ensuring compliance with national Serious Incident reporting.
- NHS London's review of the plans to support the 2012/13 QIPP programme and consequential financial impacts at both PCT and cluster levels
- Assurance on fraud and potential fraud is provided through the work of the local counter fraud officer who provides updates, communications and training on all appropriate counter fraud issues to PCT staff and emerging CCG pathfinder organisations.
- My review confirms that Newham PCT had a generally sound system of internal controls that supported the achievement of its policies, aims and objectives and that those control issues have been or are being addressed.
- The Audit Committee provides the Board with an independent and objective view of arrangements for internal financial control within the PCT, ensuring that the Internal Audit service complies with mandatory auditing standards including the review of all fundamental financial systems.
- The Board and Executive Directors managed and reviewed their principal risks through their Performance reviews both with NHS London and the cluster's Operating Plan and the Business Planning process and their contribution to the development of the Assurance Framework.

- The Board and Executive Directors managed and reviewed their principal risks through their Performance reviews both with NHS London and the cluster's Operating Plan and the Business Planning process and their contribution to the development of the Assurance Framework.

The gaps in control and assurance identified within the Assurance Framework were the subject of action plans which were approved by the Board.

Significant Issues

The following significant control issues during the year 2012/13 have taken place:

- Deficiencies in compliance with the Information Governance Toolkit. With remedial action in year the PCT only achieved level 1 compliance.
- The backlog in continuing care assessments carries significant financial risks for CCGs.

Peter Coates, CBE
Designated Signing Officer

13 Statement of the responsibilities of the signing officer for the Primary Care Trust 2012/13 annual accounts

The Department of Health's Accounting Officer has designated the role of signing officer for the final accounts of Newham Primary Care Trust to discharge the following responsibilities for the Department of Health:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;

- value for money is achieved from the resources available to the primary care trust;

- the expenditure and income of the primary care trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them;

- effective and sound financial management systems are 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, and from the assurances provided by the PCT Accountable Officer until 31 March 2013, I am assured that the responsibilities have been properly discharged.

Peter Coates, CBE
Designated Signing Officer

2012/13 ACCOUNTS CERTIFICATE OF ASSURANCE TO THE DEPARTMENT OF HEALTH DIRECTOR GENERAL, STRATEGY FINANCE AND NHS

I am aware that as signing officer designated by the Department of Health Accounting Officer, you are required to sign the accounts and supporting certificates of **Newham** Primary Care Trust (PCT) in order to comply with the Department's 2012/13 accounts finalisation process.

To assist you in that process, I can confirm that for the year ended 31 March 2013 based on my own knowledge of internal control matters and through experience in my role as Accountable Officer until 31 March 2013, the PCT:

- had in place effective management systems to safeguard public funds and assets and assist in the implementation of corporate governance;
- kept proper accounting records which disclosed with reasonable accuracy at any time the financial position of the PCT;
- took reasonable steps for the prevention and detection of fraud and other irregularities;
- achieved value for money from the resources available to the PCT;
- applied income and expenditure to the purposes intended by Parliament and conformed to the authorities which governed them; and
- had effective and sound financial management systems in place.

I also confirm that in my role overseeing the preparation of the annual statutory accounts, the accounts were prepared in the 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. As required 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.

Name: **Alwen Williams**
Chief Executive

Signed..... A Williams .....

Date..... 4 . 6 . 13 .....

2012/13 ACCOUNTS FINANCE CERTIFICATE OF ASSURANCE TO THE DEPARTMENT OF HEALTH DIRECTOR GENERAL, STRATEGY FINANCE AND NHS

I am aware that as signing officer designated by the Department of Health Accounting Officer, you are required to sign the accounts and supporting certificates of **Newham** Primary Care Trust (PCT) in order to comply with the Department's 2012/13 accounts finalisation process.

To assist you in that process, I can confirm that in my role managing the preparation of the annual statutory accounts, the accounts were prepared in the 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. As required 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.

Name: **Stuart Saw**
Director of Finance

Signed.....

Date.....4th June 2013