



Department
of Health



East Midlands
Strategic Health Authority
East of England
Strategic Health Authority
West Midlands
Strategic Health Authority

2012-13 Annual Report and Accounts

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East Midlands

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2012-13 Annual Report

Annual Report 2012/13

Our ambitions for the NHS in the Midlands and East



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Introduction



Welcome to the NHS Midlands and East Annual Report for 2012/13.

On 1 July 2006 10 strategic health authorities (SHAs) were formed across England as the local headquarters of the NHS. They remained statutory bodies until their abolition on 31 March 2013. However, on 3 October 2011 an SHA cluster was formed.

NHS Midlands and East was a cluster of three SHAs comprising NHS East Midlands, NHS East of England and NHS West Midlands. This followed a decision by the NHS Management Board in July 2011 that there would be four SHA clusters established across England, each with a single board.

NHS Midlands and East was responsible for managing healthcare for over 15 million people between Basildon and Buxton, and Lowestoft and the Welsh borders. It had three offices:

- East Midlands: Octavia House in Sandiacre, Nottinghamshire
- East of England: Victoria House in Fulbourn, Cambridgeshire
- West Midlands: St Chad's Court in Edgbaston, Birmingham.

NHS Midlands and East also hosted three national NHS organisations. NHS Improvement (based in Leicester, NHS Sustainable Development Unit (based in Cambridge) and National Quality Board (based in Birmingham).

This Report covers the legacies of the three SHAs and their work since April 2012.





Message from the Chair and Chief Executive

The NHS has gone through a huge amount of change over the past year as part of the Health and Social Care Act 2012 and Strategic Health Authorities (SHA) have been at the centre of this.

At the end of March 2013, the three SHAs in the East of England, East Midlands and West Midlands, which make up NHS Midlands and East SHA Cluster, handed over their statutory functions and responsibilities to a range of new successor organisations.

In the year prior to their closure, they achieved a huge amount during a period of great change and unprecedented demand on NHS services.

After clustering in October 2011, NHS Midlands and East decided that maintaining the status quo of delivering patient services was not good enough and set out five Ambitions to be realised by the time of its closure. Staff dedicated themselves to the success of the Ambitions and each one has achieved its goal and more. A few examples of the key achievements are:

- New pressure ulcers have been cut by a third
- Over 10,000 NHS staff have been trained as part of Making Every Contact Count

- 300,000 patients answered the question 'would you recommend this service to your friends and family?'
- Significant work to reduce the use of antimicrobials particularly cephalosporins and quinolones
- 87% of Clinical Commissioning Groups (CCGs) and Local Authorities have been involved in partnership training or development
- 160 patient leaders for 91 NHS organisations have been appointed to strengthen patient voice.

In addition to the Ambitions, NHS Midlands and East has continued to deliver the SHA cluster-wide performance system which was developed on its formation. As a result the SHA Cluster has helped reduce the 52 week wait from over 2,500 people waiting to be seen for treatment in 2011 to just over 300 people in 2013. Also the SHA Cluster as a whole, and the individual SHA areas, delivered on all of the waiting time standards for cancer.

The SHAs also recognised the failings of the wider health care system with the publication in February 2013 of the

Mid Staffordshire Hospital NHS Foundation Trust Public Inquiry, which was chaired by Robert Francis QC. At a Clinical Summit in March 2013, clinicians and managers from across the SHA Cluster discussed how the NHS should learn from and respond to the report. They were privileged to hear first-hand from Robert Francis QC and the day provided a real opportunity to reflect on and plan for how the new NHS system can ensure such failings never happen again.

The NHS Midlands and East SHA Cluster has achieved much to be proud of in 2012/13. It has handed over an improved level of care for patients and an NHS which is in a healthy financial position. We would like to thank SHA Cluster staff across the three regions for their continued commitment, focus and energy during this period of enormous organisational and personal change. We have left a great legacy for the new organisations which will provide a strong platform for ensuring high quality, safe, efficient and effective services for our populations continues to be at the forefront of all that we do.



Sarah Boulton
Chair



Sir Neil McKay
Chief Executive



Facts and figures



	NHS East of England	NHS East Midlands	NHS West Midlands	Totals
Head office	Cambridge	Nottingham	Birmingham	
PCT clusters	Bedfordshire & Luton Peterborough & Cambridgeshire Hertfordshire Norfolk North Essex South Essex Suffolk	Derbyshire Leicestershire Lincolnshire Northamptonshire & Milton Keynes Nottinghamshire	Arden (Coventry & Warwickshire) Birmingham & Solihull Black Country Staffordshire West Mercia (Herefordshire, Shropshire, Worcestershire)	
Population (approx.)	5.9m	4.5m	5.6m	16m
NHS budget in region (2012/13)	Approx. £800m	Approx. £459m	Approx. £621m	Approx. £1.9bn
Number of NHS trusts (acute, mental health, ambulance, community)	27	17	30	74
Number of NHS staff across region (FTE)*	116,000	96,000	136,000	348,000

SHA closure and new organisations



As part of the changes to the NHS brought about by the Health and Social Care Act 2012, SHAs ceased to exist on 31 March 2013. The SHAs handed over their responsibilities to a range of new organisations.

NHS England

NHS England's main aim is to improve health outcomes for people in England.

It supports NHS services nationally and ensures that money spent on NHS services provides the best possible care for patients. It funds local CCGs to commission services for their communities and ensures that they do this effectively. It also commissions some specialist services where it is most efficient to do so. Working with leading health specialists, NHS England brings together expertise to ensure national standards are consistently in place across the country.

NHS Trust Development Authority (TDA)

The NHS TDA supports NHS trusts to improve so they can take advantage of the benefits of foundation trust status when they are ready.

NHS Property Services Ltd

NHS Property Services Ltd plays a vital role in the running of the NHS, managing and developing around 3,600 NHS facilities, from GP Practices to administrative buildings.

Public Health England (PHE)

Public Health England provides national leadership and expert services to support public health and works with local government, the NHS and other key partners to respond to health protection emergencies.

Health Education England (HEE)

Health Education England makes sure the healthcare workforce has the right skills and training to improve the care patients receive. It supports a network of Local Education and Training Boards that plan education and training of the workforce to meet local and national needs.

Health and Social Care Information Centre

The Health and Social Care Information Centre supports the health and care system by collecting, analysing and publishing national data and statistical information and will deliver national IT systems and services to support health and care providers.

In addition to the new organisations, the following organisations are still in existence:

- Department of Health (DH)
- NHS Litigation Authority
- NHS Blood and Transplant
- NHS Business Services Authority
- National Institute for Health and Care Excellence
- National Institute for Health Research
- National Institute for Health and Care Excellence.

Further details on the Health and Care System can be found [here](#).

The Cluster SHA's legacy handover document can be found in last Board Meeting papers [here](#).

How we've performed

Ambitions

The SHA cluster Board agreed a set of improvement ambitions in November 2011 following a period of consultation with stakeholders including providers, commissioners, patient groups and the voluntary sector. The ambitions had a focus on safeguarding patient safety and enhancing quality and drew on existing good practice in the cluster and beyond. The five ambitions were:

- Eliminating avoidable grade 2,3 and 4 pressure ulcers
- Significantly improving quality and safety in primary care
- Creating a revolution in patient and customer experience across the Midlands and East
- Making every contact count by using every opportunity to deliver brief advice to improve health and wellbeing
- Ensuring radically strengthened partnerships between the NHS and local government.



AMBITION	WHAT IT MEANS	WHAT WE'VE DONE	SUCCESSES
Eliminate avoidable grade 2,3 and 4 pressure ulcers	Avoidable pressure ulcers are a key indicator of the quality of nursing care. Preventing them happening improves all care for vulnerable patients.	<p>We have reduced new pressure ulcers by a third already</p> <p>We have shifted the culture of NHS staff about eliminating pressure ulcers</p> <p>We created a research-based award-winning communications and engagement campaign to motivate and educate NHS staff to prevent and treat pressure ulcers.</p>	<p>24% drop in the prevalence of pressure ulcers since April 2012</p> <p>Downward trend in grade 4 pressure ulcers every month since April 2012</p> <p>38% reduction from April of patients with new pressure ulcers</p> <p>Reductions in the numbers and prevalence of pressure ulcers since April 2012 for acute, mental health and community settings</p> <p>Establishment of a dedicated website – stopthepressure.com; twitter; email; e-learning; and, animation tools and resources</p> <p>Other successes include Change Champion programme, patient and public facing promotional campaign, development of Nutrition and Hydration game, tissue viability and patient safety conferences, celebration event, focus on pressure ulcers in the Commissioning Board Mandate.</p>

AMBITION	WHAT IT MEANS	WHAT WE'VE DONE	SUCCESES
<p>Significantly improve quality and safety in primary care</p>	<p>With the majority of patients' contact with the NHS starting in primary care, it is obviously an important area to get right. The SHA cluster recognised this and the fact that quality and safety in primary care can be variable as there was no single defining set of measures for quality in this area.</p>	<p>CCGs and their member practices worked together to improve the quality of primary care provided to their populations</p> <p>Significant work to reduce the use of antimicrobials particularly cephalosporins and quinolones</p> <p>CCG-led audits to improve the safety of patients taking warfarin by asking a simple question of member practices – “how many patients have a recorded an International Normalisation Ratio of eight or above in the last year?”</p>	<p>Publication of benchmark quality information about CCGs and their practices</p> <p>A cluster-wide Improving Primary Care Quality and Safety Event</p> <p>Appreciative Inquiry into the relationship between CCGs and their member practices</p> <p>Comparative information published on CCG prescribing with outlier identification</p> <p>Antibiotic awareness campaign</p> <p>Anticoagulant audit of six CCGs and the production of an educational DVD</p> <p>Diabetes campaign in a box and online resource</p> <p>Publication of a series of learning summaries to share lessons from primary care significant events</p> <p>Programme of unannounced out of hours visits with feedback reports</p> <p>Analysis of out-of-hours Serious Incidents to look at trends and patterns</p> <p>Development of a model specification for GP locum chambers</p> <p>Development of an Education and Training Strategy for Quality and Safety improvement</p> <p>12 GP practices participated in a Repeat Prescription improvement programme looking at systems and safety.</p>

AMBITION	WHAT IT MEANS	WHAT WE'VE DONE	SUCSESSES
<p>Creating a revolution in patient and customer experience across the Midlands and East</p>	<p>This Ambition aimed to ensure that sustainable improvements in patient and customer experience are achieved through working closely with and through organisations across the NHS Midlands and East to support and generate a patient revolution.</p>	<p>Introduced Friends and Family Test (2011/2012) where hospital patients are asked a single question to rate their overall experience, providing a way of routinely measuring and acting on patient experience</p> <p>Recruited and training 160 Patient Leaders from across the region which will see patients having a legitimate, empowered and supported voice in influencing strategic decisions within NHS trusts and CCGs</p> <p>Worked with organisations from Board to ward level to embrace the need to engage, listen and act on the views of patients in their approach towards improving both the customer services experience (the whole patient/customer experience and not just experience which relates to the clinical aspects of care).</p>	<p>The rollout of Friends and Family Test nationally from April 2013 to all NHS organisations</p> <p>Since April 2012 over 300,000 patients – nearly one in five of all hospital inpatients - have answered the question ‘would you recommend this service to you friends and family?’</p> <p>Understanding patient experience leads to improvements in service, evidenced through the score for hospitals in Midlands and East increased from 61 (April 2012) to 71 (January 2013)</p> <p>Patient stories have been brought to each SHA cluster Board</p> <p>Customer Service Alliance established in January 2012</p> <p>Monthly Patient Revolution e-newsletter to share good practice</p> <p>Audit reviews and case studies to spread good practice and stimulate new thinking</p> <p>160 patient leaders across the cluster have been developed through a three day programme to be effective influencers across the NHS</p> <p>Developing Patient Leadership toolkit launched in March 2013.</p>

AMBITION	WHAT IT MEANS	WHAT WE'VE DONE	SUCCESSSES
<p>Making every contact count by using every opportunity to deliver brief advice to improve health and wellbeing</p>	<p>Making Every Contact Count (MECC) supported and encouraged NHS staff to inform and enable people to make positive changes through the delivery of simple healthy lifestyle advice and signposting to services</p> <p>Frontline staff from all grades and groups can deliver MECC. The vision was to embed delivery of healthy lifestyle advice into the day to day activity of the NHS.</p>	<p>A practical Guide and Toolkit has been produced and is available along with a number of supporting resources and newsletters on http://nhs.uk/makeeverycontactcount. This has been supported by a series of workshops to strengthen implementation and engagement of MECC</p> <p>A MECC train the trainer programme has been delivered and an e-Learning package made available to all organisations to support staff training</p> <p>Communication toolkits and promotional items have been developed and distributed to support staff giving, and patients asking for, lifestyle advice</p> <p>A collection of short video clips has been produced to explain and support MECC</p> <p>An eReferral project was implemented. This will improve the referral process to lifestyle services and strengthen data collection.</p> <p>A celebration event took place on 1 March with leaders of new NHS and Public Health organisations.</p> <p>Formal evaluation is being discussed.</p>	<p>110 NHS organisations signed-up across the Midlands and East cluster and a number of non-NHS organisations engaged with the MECC ambition</p> <p>Over 500 staff have been trained to deliver MECC training in their organisation</p> <p>Over 10,000 NHS staff members have now completed MECC training and over 6,000 modules have been completed on the 'Every Contact Counts' eLearning tool</p> <p>Over 50,000 contacts have been made encouraging healthy lifestyle behaviours and there have been 24,000 referrals from organisations that have implemented MECC to stop smoking services across NHS Midlands and East</p> <p>Over 100,000 promotional items, such as posters and prompt cards, are being used to promote MECC</p> <p>Key speakers at the celebration event included leaders from the DH, PHE, HEE, NHS England and the Local Government Association.</p>

AMBITION	WHAT IT MEANS	WHAT WE'VE DONE	SUCSESSES
<p>Ensure radically strengthened partnerships between the NHS and local government</p>	<p>This ambition acknowledged the excellent work that had already taken place and sought to develop partner relations to a new and strengthened level. The project ensured that in developing relationships with local government of reinforcement of new structures of Health and Wellbeing Boards and HealthWatch took place as well as building our strategic dialogue with local government through established networks.</p>	<p>Specialist support offering developed for each local system</p> <p>Office of Public Management provided one-to-one support for seven CCGs</p> <p>Case studies of good practice shared and a series of podcasts developed including Health and Wellbeing Boards</p> <p>Specialist support for the joint development of HealthWatch</p> <p>Specialist support on children's commissioning</p> <p>Series of development master-classes involving 46 CCGs</p> <p>Event to encourage and promote technological innovation in integrated commissioning</p> <p>Ten local systems have established joint or aligned health and social care commissioning</p> <p>Health and Wellbeing Boards and HealthWatch processes are established in 35 local systems</p> <p>Support to CCGs in evidencing the Good Partnership working domain of CCG authorisation.</p>	<p>100% of local systems has a shared vision or joint agreement</p> <p>87% of CCGs and Local Authorities have been involved in partnership training or development</p> <p>92% of local systems have a joint or aligned commissioning and or a plan to progress joint or aligned commissioning.</p>

How we've performed



The information on the following pages illustrates performance against key quality measures since 1 April 2012. More information about performance is available in the Board papers on the cluster [website](#).

Ambulance response times

Performance remained above the response time standards in West Midlands but below the national standards in East Midlands and East of England. Both these ambulance trusts developed formal recovery action plans with trajectories agreed with their lead commissioners.

Cancer waiting times

Performance against cancer standards remained strong. The cluster as a whole, and the individual SHA areas, delivered all of the standards (two-week, 31 day and 62 day) for December 2012. A small number of trusts continued to struggle with the two-week wait and 62 week wait standards.

Referral-to-Treatment

Strong performance against all three standards was maintained across the cluster and in each SHA area.

52 week waits

The level of over 52 week waiters decreased across the SHA cluster and at the end of February 2013 stood at 306 (East of England – 51, East Midlands - 104, West Midlands – 151). 52 week waits were a focus of SHA meetings with Area Teams in February 2013.

Diagnostic waits

The cluster and SHA areas delivered the diagnostic wait standards but there were 13 providers not meeting the national standard.

Mixed-Sex Accommodation breaches

There were 73 mixed-sex accommodation breaches reported in December. Fifty of these breaches were declared in error by Peterborough and Stamford NHS Foundation Trust. There were five breaches in January 2013.

A&E

Performance across the cluster and each SHA area improved from the end of December 2012. Performance for the quarter at the end of February was 93.76%. Year to date performance for Midlands and East was 95.73%. All three SHAs were above 95% year to date. The standard was being delivered quarter to date in the East of England but not being delivered in East Midlands and West Midlands. A number of trusts improved their performance and were delivering the 95% standard, while others were demonstrating sufficient progress to enable their commissioners to be assured that recovery would be achieved during Quarter 4.

Clostridium Difficile

At cluster level the SHA was below the Year To Date (YTD) ceiling and the full year forecast (based on an average number of cases for the remainder of the year) showed that the cluster total was likely to be within ceiling. Within NHS East of England performance was above the YTD ceiling and the year end position was forecast as likely to be over the full year ceiling.

MRSA

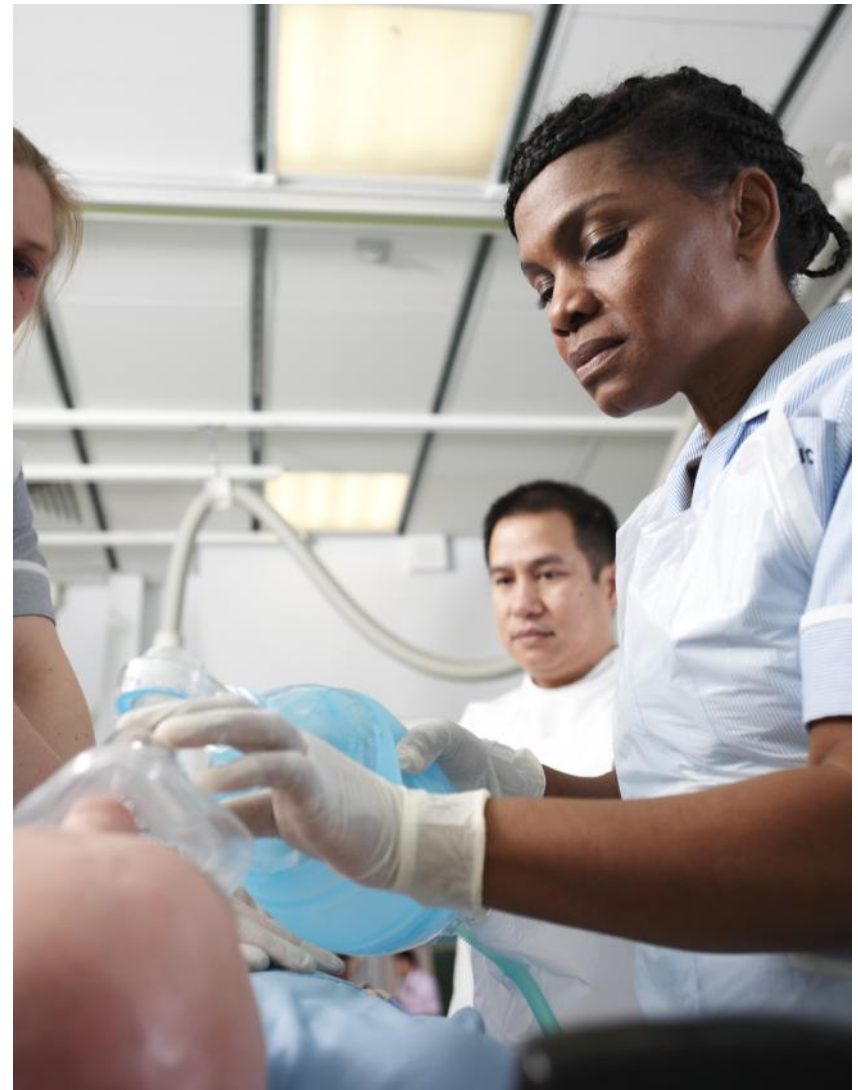
MRSA performance has been maintained within the required ceiling for the cluster. The Full Year forecast for East of England was red rated.

Venous Thromboembolism (VTE)

The cluster continued to deliver above the required 90% standard for undertaking VTE risk assessments. For five of the last six months performance was above 95% for the cluster.

Stroke and Transient Ischaemic Attack (TIA)

The SHA cluster and each SHA area delivered the 80% standard for stroke patients on a stroke unit for the first three quarters of 2012/13. The cluster and each SHA area delivered the 60% standard for TIA patients being treated within 24 hours.



Our Board



NHS Midlands and East Voting Executive Team Members



Sir Neil McKay CB,
Chief Executive



Stephen Welfare,
Deputy Chief
Executive &
Director of
Workforce and
Leadership



Moira Dumma,
Director of
Commissioning
Development



Dr Paul Zollinger
-Read,
Director of
Commissioning
Development



Steve Clarke,
Finance Director



Professor Robert
Harris,
Director of
Commissioning
and
Performance



Dr Stephen Dunn,
Director of Policy
and Strategy



Dale Bywater,
Director of
Provider
Development



Professor David
Walker,
Regional Director
of Public Health



James Quinn,
Interim Medical
Director



Dr Ruth May,
Nurse Director

NHS Midlands and East Non-Executive Team



Sarah Boulton,
Chair



Kay Burnett,
Vice Chair



Dr Stephen Goode CBE,
Non-executive Director



Chris Handy OBE,
Non-executive Director



Deryk Mead,
Non-executive director



Valerie Morton,
Non-executive director



Vijay Sharma,
Non-executive director

Membership of the NHS Midlands and East Board and their Declared Interests for the year were as follows:

Name	Designation	Declaration
Sarah Boulton	Chair	Director of WMBV Steele (2009) & Co Ltd.
Kaye Burnett	Vice Chair	<p>Managing Director of Hornbeam Associates Ltd.</p> <p>Associate with the following companies;</p> <ul style="list-style-type: none"> • Agenda Communication (last worked April 2008) • TMP Worldwide (last worked for in March 2009) • ATM (last worked for in September 2009) <p>The Leadership Foundation for Higher Education (from July 2010)</p> <p>Cedar Talent Management (from May 2011)</p> <p>Blueline Business Solutions (no work to date)</p> <p>Chiumento (from September 2010)</p> <p>Libra Europe Ltd</p> <p>Beyond Consulting</p> <p>Associate Lecturer – Sheffield Hallam University.</p>
Dale Bywater	Director of Provider Development	None
Steve Clarke	Director of Finance	None
Dr Stephen Dunn	Director of Policy and Strategy	<p>Associate (visiting professor) with the Faculty of Business and Law</p> <p>Role at NHS South of England and the NHS Trust Development Authority.</p>

Name	Designation	Declaration
Moira Dumma	Director of Commissioning Development	None
Dr Stephen Goode CBE	Non-executive Director	<p>Senior Consultant with Agencia Consulting which has contracts in the NHS and Social Care although personal role associated with Criminal Justice</p> <p>Wife is lay member of Nottingham CCG.</p>
Christopher Handy OBE	Non-executive Director	<p>Chief Executive - Accord Housing Group (Accord and its group members receive income from Walsall and Sandwell PCTs and have contracts with South Birmingham and HOB PCTs)</p> <p>Professor of Governance – Birmingham City University</p> <p>Director – Health For Living, which has a contract with Sandwell PCT for the provision of confidence and wellbeing services and is competing for other contracts within the Black Country area</p> <p>Director - Walsall Alliance of Tenant Management Organisations</p> <p>Chair and Director - Walsall Housing Regeneration Agency</p> <p>Chair - West Midlands Regional Council with the National Housing Federation</p> <p>Board Member – Sandwell Strategic Housing Partnership</p> <p>Council Member – Birmingham Chamber of Commerce</p> <p>Director - Green Homes Green Skills, which has received funding from Sandwell PCT</p> <p>Member of the Employment and Enterprise Board of the Black Country Local Economic Partnership</p> <p>Chair and Director of Direct Health Ltd</p> <p>Director of Black Country Local Economic Partnership, Black Country Consortium and Green Homes, Green Skills</p> <p>Non Executive Director of West Midlands Education and Training Board.</p>

Name	Designation	Declaration
Professor Robert Harris	Director of Commissioning and Performance	Professor of Health Management, Cass Business School, City University London Convocation Representative on the University Court, University of Bristol Governing Body.
Dr Ruth May	Nurse Director	Husband is Interim Chief Executive at Ipswich Hospital NHS Trust.
Sir Neil McKay CB	Chief Executive	Governor for the Centre for Workforce Intelligence.
Deryk Mead	Non-executive Director	Non Executive Director of Passenger Focus (statutory consumer body for railways, buses, coaches and trains) Wife is Non Executive Director of Hereford PCT.
Valerie Morton	Non-executive Director	Provide consultancy services to a wide range of charities and other organisations including some in the field of health e.g. Kidney Research UK; Nottingham University Hospital's Charity Associate of the Corporate Responsibility Agency called; Two Tomorrows.
Moosa Patel	Director of Corporate Affairs	None.
James Quinn	Interim Medical Director	On secondment from East and North Hertfordshire NHS Trust Wife is Deputy Controller (Director level) of a charity called SSAFA which provides some primary healthcare services within the Midlands and East Area.
Vijay Sharma	Non-executive Director	Member of Leicester University's Audit Committee, Board Development and University Court Trustee Gingerbread Trustee Leicester Theatre Trust Trustee Leicester Asian Business Association, Heritage Fund Board Member of Leicestershire and Rutland Probation Trust Trustee Caxton Foundation .
Professor David Walker	Director of Public Health	None.

Name	Designation	Declaration
Paul Watson	Regional Director Designate National Commissioning Board	None
Stephen Welfare	Director of Workforce	Wife is Nursing Director of Anglia Cancer Network National Council Member – Skills for Health.
Professor Chris Welsh	Medical Director (until 1 st January 2013)	Part owner and Director of C L Welsh and Company Limited.

There were six NHS Midlands and East public Board meetings between 1 April 2012 and 31 March 2013. Board papers are available at www.midlandsandeast.nhs.uk.

Details of Board Members of the three SHAs can be found in the Remuneration Report.

Cluster Remuneration Report



Salaries and allowances of senior managers from 1 April 2012 to 31 March 2013.

	2012-13				2011-12			
	Salary (bands of £5000)	Other Remuneration (bands of £5000)	Bonus Payments (bands of £5000)	Benefits in kind (rounded to the nearest £100)	Salary (bands of £5000)	Other Remuneration (bands of £5000)	Bonus Payments (bands of £5000)	Benefits in kind (rounded to the nearest £100)
Executive Team	£000	£000	£000	£000	£000	£000	£000	£000
Sir Neil McKay CB Chief Executive <small>(NOTE 1, 5 And 9)</small>	225-230	415-420	-	1.1	220-225	-	-	0.6
Stephen Welfare Deputy Chief Executive And Director Of Workforce And Leadership <small>(Note 1 And 5)</small>	145-150	-	-	-	140-145	-	5-10	-
Steve Clarke Finance Director <small>(Note 1 And 5)</small>	150-155	-	0-5	0.4	150-155	-	0-5	0.4
Professor Robert Harris Director Of Performance And Operations <small>(Note 1, 2 And 5)</small>	70-75	-	-	0.5	140-145	-	-	0.7
Professor Chris Welsh Medical Director <small>(Note 1, 4 And 5)</small>	125-130	-	-	-	85-90	-	-	-
James Quinn Medical Director <small>(Note 1, 5 And 11)</small>	20-25	-	-	-	-	-	-	-
Dr Stephen Dunn Director Of Policy And Strategy <small>(Note 1, 5 And 10)</small>	80-85	-	0-5	0.6	130-135	-	5-10	0.1

	2012-13				2011-12			
	Salary (bands of £5000)	Other Remuneration (bands of £5000)	Bonus Payments (bands of £5000)	Benefits in kind (rounded to the nearest £100)	Salary (bands of £5000)	Other Remuneration (bands of £5000)	Bonus Payments (bands of £5000)	Benefits in kind (rounded to the nearest £100)
Executive Team	£000	£000	£000	£000	£000	£000	£000	£000
Dr Ruth May Nurse Director <small>(Note 1 And 5)</small>	145-150	-	-	0.3	145-150	-	-	0.2
Dale Bywater Director Of Provider Development <small>(Note 1 And 3)</small>	155-160	-	-	-	135-140	-	-	1.2
Professor David Walker Director Of Public Health <small>(Note 1 And 3)</small>	190-195	-	-	2.1	180-185	-	-	2.1
Moira Dumma Director Of Commissioning Development <small>(Note 1 And 12)</small>	70-75	-	-	-	160-165	-	-	-
Dr Paul Zollinger-Read Director Of Commissioning Development <small>(Note 1, 5 And 6)</small>	25-30	-	-	0.6	105-110	-	-	0.2
Lee Whitehead Director Of Communications <small>(Note 1 And 5)</small>	115-120	-	-	-	105-110	-	-	-
Karen Livingstone Director Of Strategic Partnerships <small>(Note 1, 5 And 7)</small>	90-95	-	-	-	90-95	-	-	1.3
David Marsden Chief Information Officer <small>(Note 1 And 3)</small>	130-135	-	-	6.5	125-130	-	-	6.5
Moosa Patel Director Of Corporate Affairs <small>(Note 1 And 3)</small>	105-110	180-185	-	-	95-100	-	-	-

	2012-13				2011-12			
	Salary (bands of £5000)	Other Remuneration (bands of £5000)	Bonus Payments (bands of £5000)	Benefits in kind (rounded to the nearest £100)	Salary (bands of £5000)	Other Remuneration (bands of £5000)	Bonus Payments (bands of £5000)	Benefits in kind (rounded to the nearest £100)
Executive Team	£000	£000	£000	£000	£000	£000	£000	£000
In Post Prior Year Only								
Ian Cumming OBE* Chief Executive NHS West Midlands	-	-	-	-	85-90	-	-	3.3
Kevin Orford* Chief Executive NHS East Midlands	-	-	-	-	85-90	-	-	2.7
Paul Taylor* Finance Director NHS West Midlands	-	-	-	-	70-75	-	-	-
Gill Scoular* Interim Finance Director NHS East Midlands	-	-	-	-	85-90	-	-	-
Phil Milligan* Director Of Performance NHS West Midlands	-	-	-	-	65-70	-	-	-
Dr Robert Winter* OBE Medical Director NHS East Of England	-	-	-	-	15-20	-	-	-
Dr Claire Lawton* Interim Medical Director NHS East Of England	-	-	-	-	25-30	-	-	-
Dr Stan Silverman* Medical Director NHS West Midlands	-	-	-	-	30-35	-	-	-
Peter Spilsbury* Director Of Strategy And Regulation NHS West Midlands	-	-	-	-	20-25	-	-	-
Peter Blythin* Director Of Nursing And Workforce NHS West Midlands	-	-	-	-	70-75	-	-	-
Simone Jordan* Director Of Workforce And Hr NHS East Midlands	-	-	-	-	85-90	-	-	-

	2012-13				2011-12			
	Salary (bands of £5000)	Other Remuneration (bands of £5000)	Bonus Payments (bands of £5000)	Benefits in kind (rounded to the nearest £100)	Salary (bands of £5000)	Other Remuneration (bands of £5000)	Bonus Payments (bands of £5000)	Benefits in kind (rounded to the nearest £100)
Executive Team	£000	£000	£000	£000	£000	£000	£000	£000
Caroline Wigley* Leadership Director NHS West Midlands	-	-	-	-	65-70	-	-	-
Dr Rashmi Shukla* Regional Director Of Public Health NHS West Midlands	-	-	-	-	110-115	-	-	-
Wendy Saviour* Director Of Commissioning Development NHS East Midlands	-	-	-	-	95-100	-	-	-
Steve Coneys* Director Of Communications And Public Affairs NHS West Midlands	-	-	-	-	55-60	-	-	-
Jo Lenaghan* Director Of Reform NHS West Midlands	-	-	-	-	60-65	-	-	-
Dr Neil Deuchar* Medical Director NHS West Midlands	-	-	-	-	65-70	-	5-10	-
Dr Katharine McLean Medical Director NHS East Midlands	-	-	-	-	90-95	-	-	-
Non Executive Directors								
Sarah Boulton Chair (Note 1 And 5)	60-65	-	-	0.5	55-60	-	-	0.3
Kaye Burnett Vice Chair (Note 1 And 3)	45-50	-	-	-	35-40	-	-	-

	2012-13				2011-12			
	Salary (bands of £5000)	Other Remuneration (bands of £5000)	Bonus Payments (bands of £5000)	Benefits in kind (rounded to the nearest £100)	Salary (bands of £5000)	Other Remuneration (bands of £5000)	Bonus Payments (bands of £5000)	Benefits in kind (rounded to the nearest £100)
Deryk Mead Non Executive Director <small>(Note 1 And 13)</small>	5-10	-	-	-	5-10	-	-	-
Valerie Morton Non Executive Director <small>(Note 1 And 5)</small>	5-10	-	-	0.1	5-10	-	-	0.1
Vijay Sharma* Non Executive Director <small>(Note 1, 3 And 8)</small>	5-10	-	-	-	-	-	-	-
Dr Stephen Goode Non Executive Director <small>(Note 1 And 3)</small>	10-15	-	-	-	5-10	-	-	-
Chris Handy Non Executive Director <small>(Note 1 And 13)</small>	5-10	-	-	-	5-10	-	-	-
In Post Prior Year Only								
Mike Burrows* Non Executive Director	-	-	-	-	10-15	-	-	0.6
Dr Neil Johnston* Non Executive Director	-	-	-	-	0-5	-	-	0.1
Geoffrey Chilton* Non Executive Director	-	-	-	-	0-5	-	-	0.1
Elisabeth Buggins* Chair	-	-	-	-	20-25	-	-	-
Mark Stansfeld* Non Executive Director	-	-	-	-	0-5	-	-	-
Mohammed Nazir* Non Executive Director	-	-	-	-	0-5	-	-	-

Non Executive Directors In Post Prior Year Only	2012-13				2011-12			
	Salary (bands of £5000)	Other Remuneration (bands of £5000)	Bonus Payments (bands of £5000)	Benefits in kind (rounded to the nearest £100)	Salary (bands of £5000)	Other Remuneration (bands of £5000)	Bonus Payments (bands of £5000)	Benefits in kind (rounded to the nearest £100)
Chris Bird* Associate Non Executive Director	-	-	-	-	0-5	-	-	-
Sanjay Sharma* Non Executive Director	-	-	-	-	5-10	-	-	-
Michael Beaumont* Non Executive Director	-	-	-	-	5-10	-	-	-
Professor David Chiddick* Non Executive Director And Chair To 31/05/11	-	-	-	-	5-10	-	-	-
Mohammed Hussain* Non Executive Director	-	-	-	-	0-5	-	-	0.2

Notes

- Pay costs within the statutory accounts are split equally between – East of England SHA, East Midlands SHA, West Midlands SHA. Further details can be found in the 2012/13 Annual Report.
- Professor Harris left the SHA Cluster on 30 September 2012 to join NHS Commissioning Board.
- All pay costs sit within the statutory accounts of NHS East Midlands.
- Professor Welsh's pay costs are split equally in the statutory accounts of the three SHAs. Professor Welsh was on secondment from Yorkshire and Humber SHA. He left on 31 December 2012 for a position with Health Education England.
- All pay costs sit within the statutory accounts of NHS East of England.
- Dr Paul Zollinger-Read joined NHS East of England on a full time basis on 14 February 2011 and was seconded to the King's Fund on a part time basis (0.5WTE) to 31 March 2012. He left the NHS East of England on 29 June 2012.
- Karen Livingstone was seconded to the Department of Health on a part-time basis (0.4WTE) from 24 March 2011 until 23 September 2011.
- Vijay Sharma waived her right to receive remuneration in 2011/12.
- Sir Neil McKay received a redundancy payment of £407,746 and a payment in lieu of notice of £12,250 at 31 March 2013. These costs are shown as other remuneration.
- Dr Stephen Dunn left on 19 October 2012 to take up a position with the NHS Trust Development Agency.
- James Quinn became Medical Director of the cluster from 1 January 2013.
- Moirá Dumma was on secondment to NHS West Midlands from South Birmingham Primary Care Trust. She left on 30 September 2012 to join the

NHS Commissioning Board.
13. All pay costs sit within the statutory accounts of NHS West Midlands.

*Indicates prior year comparators only.

Additional Notes

- The information included in the salary and pension tables above is subject to audit.
- Each SHA retains the full pension liability for staff in its employ at the end of the financial year irrespective of the period during the year which they worked at the Authority or periods of secondments to other bodies.
- The senior managers included in the report were employed throughout the two year period 1 April 2011 to 31 March 2013 unless otherwise indicated.

Pensions entitlements¹ for senior managers

Name and Title (Please see footnotes above for explanations)	Real increase in pension at age 60 (bands of £2,500) £000	Real increase in pension lump sum at aged 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2013 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2013 (bands of £5,000) £000	Cash Equivalent Transfer Value² at 31 March 2013 £000	Cash Equivalent Transfer Value at 31 March 2012 £000	Real increase in Cash Equivalent Transfer Value³ £000	Employer's contribution to stakeholder pension £000
Sir Neil McKay CB, Chief Executive	(2.5-5)	(7.5-10)	105-110	320-325	N/A	N/A	N/A	0
Stephen Welfare, Deputy Chief Executive & Director Of Workforce & Leadership	0-2.5	2.5-5	45-50	135-140	889	807	40	0
Steve Clarke, Finance Director	(2.5-5)	(7.5-10)	75-80	225-230	1,691	1,618	(11)	0
Professor Robert Harris, Director Of Performance And Operations	0-2.5	0	5-10	0	85	52	30	0
Dr Stephen Dunn, Director Of Policy And Strategy	2.5-5	0	40-45	0	379	320	42	0
Dr Ruth May, Nurse Director	(0-2.5)	(0-2.5)	50-55	150-155	780	631	116	0
Dale Bywater, Director Of Provider Development	0-2.5	5.0-7.5	30-35	90-95	440	380	28	0
Professor David Walker, Director Of Public Health	(0-2.5)	(0-2.5)	45-50	145-150	902	843	11	0
Moira Dumma, Director Of Commissioning Development	0-2.5	2.5-5.0	55-60	170-175	1157	1,024	40	0
Dr Paul Zollinger-Read, Director Of Commissioning Development	(0-2.5)	(0-2.5)	55-60	170-175	1,061	956	13	0
Lee Whitehead, Director Of Communications	0-2.5	2.5-5	5-10	25-30	124	94	25	0
Karen Livingstone, Director Of Strategic Partnerships	0-2.5	2.5-5	5-10	15-20	100	78	18	0
David Marsden, Chief Information Officer	(0-2.5)	(0-2.5)	45-50	140-145	929	872	8	0
Moosa Patel, Director Of Corporate Affairs	0-2.5	0-2.5	25-30	80-85	432	398	9	0

Pensions entitlements for senior managers cont...

¹Pension benefits are compiled from information provided by the NHS Pension Agency. As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

² **A Cash Equivalent Transfer Value**

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

³ **Real Increase in CETV**

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

Pay multiples disclosure

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.

East of England

The banded remuneration of the highest paid director in the East of England SHA in the financial year 2012-13 was £87,500 (2011-12, £147,500). This was 1.56 times (2011-12, 3) the median remuneration of the workforce, which was £55,945 (2011-12, £55,945).

In 2012-13, 30 (2011-12, 2) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £5,830 to £159,900 (2011-12, £2,201 to £167,498)

East Midlands

The banded remuneration of the highest paid director in the East Midlands SHA, in the financial year 2012/13 was £87,500 (2011/12, £612,500). This was 1.94 times (2010/11, 14) the median remuneration of the workforce, which was £45,096 (2010/11, £43,388).

In 2012/13, 14 (2011/12, 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £7,622 to £164,215 (2011/12, £13,903 to £120,282)

The highest-paid director remuneration in 2011/12 included a severance payment. Excluding this, the highest paid director's banding remuneration was £137,500, and the pay multiple compared to the median remuneration was 3.17.

West Midlands

The banded remuneration of the highest paid director in the West Midlands SHA, in the financial year 2012/13 was £87,500 (2011/12, £177,000). This was 1.56 times (2011/12, 3.2) the median remuneration of the workforce, which was £55,945 (2011/12, £55,945).

In 2012/13, 22 (2011/12, 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £6,007 to £183,258 (2011/12, £14,614 to £171,831).

For each of the SHAs, the pay of the highest paid director fell in 2012/13 because of the sharing of the role with the two other Strategic Health Authorities that comprise the Midlands and East cluster. The number of employees with pay in excess of the highest paid director increased in 2012/13 because of this fall in the pay of the highest paid director.

ⁱ 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.

Summary Financial Statements



Annual Report

Summary Financial Statements

Each Strategic Health Authority has dual financial responsibilities. Firstly, it oversees the collective financial position of the PCTs and NHS Trusts in the SHA locality on behalf of the Department of Health. Secondly, as a statutory organisation in its own right, it is responsible for a number of spending areas, most notably workforce planning.

With regard to the first responsibility the collective underspending in 2012/13 is approximately £369m which is less than 1% of the total NHS budget in the Midlands and East cluster.

This Annual Report presents summarised financial information regarding the operating of the three Strategic Health Authorities within the Midlands and East Cluster. The accounts for 2012/13 have been prepared in a standard format which the Secretary of State has approved. Each Strategic Health Authority has an obligation each year not to spend more than its Resource Limit and to achieve Operating Financial Balance.

The SHA receives the vast majority of its resources from DH in the form of direct allocations to fund its activities, both in terms of purchase of education and training for

health professionals within the region and the running costs of the Authority. The split of resources, assets and liabilities between the various SHA activities are included in the published accounts.

The accounts are prepared in line with Accounting Policies determined by the Secretary of State. The Accounting Policies are consistent across the three SHAs. Within the Annual Report, the SHA is required to highlight any accounting policies which required the particular elements of judgement. There is one key area here, related to the shared running costs of the Cluster. This relates to joint posts at an Executive Team and Senior Management Level. The decision taken is that such costs are split in equal proportions across the three Strategic Health Authorities.

The main risk in terms of the SHA's own finances, relates to the impact of the changes set out by the Government in the Health and Social Care Act and, as services will continue to be provided by another public sector entity, the SHAs have concluded that it is appropriate for the accounts to be prepared on a going concern basis. In addition, management has considered the implications of the Act and does not believe that it will have a material impact on the carrying value of assets and

liabilities as the functions of the SHAs will be transferred to the various successor bodies. As a result, the accounts are prepared on a going concern basis. There were no unusual or major financial transactions in any of the SHAs which require separate disclosure within the Annual Report for 2012/13.

¹ Note 2 Segmental analysis

Performance against targets

	East of England		East Midlands		West Midlands	
REVENUE	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
	£000	£000	£000	£000	£000	£000
Net operating costs of the financial year	591,400	564,425	399,767	394,408	520,334	526,404
Revenue resource limit	649,612	659,254	434,212	439,556	527,317	563,938
Surplus	58,212	94,829	34,445	45,148	6,983	37,534
Surplus as a percentage of Resource Limit	8.96%	14.4%	7.9%	10.3%	1.3%	6.7%
	East of England		East Midlands		West Midlands	
CAPITAL	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
	£000	£000	£000	£000	£000	£000
Gross Capital Expenditure	20	200	0	0	0	0
Capital Resource Limit	100	300	16,516	2,671	0	440
Underspend against capital resource limit	80	100	16,516	2,671	0	440

Summary financial statements

<i>Statement of Comprehensive Net Expenditure</i>	East of England		East Midlands		West Midlands	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
	£000	£000	£000	£000	£000	£000
Pay and related costs	23,230	20,980	19,004	19,860	23,484	22,305
Other costs	574,605	552,792	386,323	379,219	499,163	508,279
Less operating revenue	(6,435)	(9,347)	(5,560)	(4,671)	(2,313)	(4,180)
Net operating costs for the financial year	591,400	564,425	399,767	394,408	520,334	526,404
Other comprehensive net expenditure						
Impairments	13	0	0	0	0	0
Total Comprehensive Net Expenditure for the year	591,413	564,425	399,767	394,408	520,334	526,404

Statement of financial position as at 31 March 2013	East of England		East Midlands		West Midlands	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
	£000	£000	£000	£000	£000	£000
Non current assets						
Property, Plant and Equipment	1,733	2,359	0	56	0	0
Intangible Assets	0	198	0	0	0	0
Total non-current assets	1,733	2,557	0	56	0	0
Current assets						
Trade and other receivables	2,140	4,438	926	2,579	1,724	2,232
Cash and cash equivalents	1,079	2	2,924	28	10	26
Total Current assets	3,219	4,440	3,850	2,607	1,734	2,258
Total assets	4,952	6,997	3,850	2,663	1,734	2,258
Current liabilities						
Trade and other payables	(16,572)	(23,899)	(16,708)	(17,485)	(9,244)	(11,997)
Provisions	(3,051)	(448)	(1,520)	(110)	(1,036)	(2,672)
Total Current Liabilities	(19,623)	(24,347)	(18,228)	(17,595)	(10,280)	(14,669)
Non-current assets plus/less net current assets/liabilities	(14,671)	(17,350)	(14,378)	(14,932)	(8,546)	(12,411)
Non-current liabilities						
Trade and other payables	0	0	0	0	0	0
Provisions			(1,124)	(1,099)	(4,598)	(4,049)
Total assets employed	(14,671)	(17,350)	(15,502)	(16,031)	(13,144)	(16,460)
Financed by Taxpayers Equity						
General Fund	(14,671)	(17,365)	(15,502)	(16,031)	(13,144)	(16,460)
Revaluation Reserve	0	15	-	-		
Total Taxpayers equity	(14,671)	(17,630)	(15,502)	(16,031)	(13,144)	(16,460)

<i>Statement of changes in Taxpayers' Equity for the year ended 31 March 2013</i>	East of England		East Midlands		West Midlands	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
	£000	£000	£000	£000	£000	£000
Opening reserves	(17,350)	(40,636)	(16,031)	(11,238)	(16,460)	(12,821)
Net operating costs for the Year	(591,400)	(564,425)	(399,767)	(394,408)	(520,334)	(526,404)
Net gain on revaluation of Property, Plant and Equipment	0	0	0	0	0	0
Impairments and reversals	(13)	0	0	0	0	0
Total recognised income and expense for the year	(591,413)	(564,425)	(399,767)	(394,408)	(520,334)	(526,404)
Net parliamentary funding	594,092	587,711	400,296	389,615	523,650	522,765
Balance at 31 March 2013/2012	(14,671)	(17,350)	(15,502)	(16,031)	(13,144)	(16,460)

Statement of Cash Flows for the Year Ended 31 March 2013	East of England		East Midlands		West Midlands	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
	£000	£000	£000	£000	£000	£000
Cash Flows from operating activities						
Net operating costs	(591,400)	(564,425)	(399,742)	(394,384)	(520,312)	(526,397)
Depreciation and amortisation	300	311	56	113	0	0
Impairments and reversals	531	0	-		0	0
(Increase)/decrease in trade and other receivables	2,298	(1,235)	1,653	1,681	508	1,059
Increase/(decrease) in trade and other payables	(7,327)	(20,978)	(777)	4,308	(2,753)	(368)
Provisions utilised	0	(73)	-	(1,235)	(493)	(1,114)
Increase/(decrease) in provisions	2,603	(1,111)	(1,410)	(99)	(616)	4,021
Net Cash Outflow from Operating Activities	(592,995)	(587,511)	(397,400)	(389,616)	(523,666)	(522,799)
Cash flows from investing activities						
Payments for purchase of plant, property and equipment	0	(164)	0	0	0	0
Payments for the purchase of tangible assets	(20)	(36)	0	0	0	0
Net cash flow from investing activities	(20)	(200)	0	0	0	0
Net cash outflow before financing	(593,015)	(587,711)	(397,400)	(389,616)	(523,666)	(522,799)
Cash flows from financing activities						
Net parliamentary funding	594,092	587,711	400,296	389,615	523,650	522,765
Net cash inflow from Financing	594,092	587,711	400,296	389,615	523,650	522,765
Net increase/(decrease) in cash and cash equivalents	1,077	0	2,896	(1)	(16)	(34)
Cash and cash equivalents at beginning of the financial year	2	2	28	29	26	60
Cash and cash equivalents at the end of the financial year	1,079	2	2,924	28	10	26

Running costs

	East of England		East Midlands		West Midlands	
<i>RUNNING COSTS</i>	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
Running costs (£000)	25,371	25,308	32,788	33,700	31,645	32,112
Weighted population (number)	5,470,706	5,470,706	4,483,936	4,483,936	5,624,298	5,624,298
Running costs per weighted head of population (£)	4.64	4.63	7.31	7.52	5.63	5.71
	East of England		East Midlands		West Midlands	
<i>PUBLIC HEALTH SPEND</i>	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
Total public health expenditure (£000)	849	734	1,328	1,730	1,046	923

SHAs are required to report their running costs within their accounts, both in terms of the total running costs and running costs by head of population.

Better payments practice codes

	East of England		East Midlands		West Midlands	
	£000	Number	£000	Number	£000	Number
Total invoices paid in 2012/13	594,611	13,660	392,013	14,238	510,530	16,272
Total invoices paid within target in 2012/13	579,103	13,135	384,870	13,729	505,768	15,504
Percentage of invoices paid within target in 2012/13	97.39%	96.16%	98.2%	96.4%	99.1%	95.3%
Total invoices paid in 2011/12	582,990	11,785	376,080	13,328	509,511	15,635
Total invoices paid within target in 2011/12	570,976	11,335	373,345	12,995	494,237	14,978
Percentage of invoices paid within target in 2011/12	97.9%	96.2%	99.3%	97.5%	97.0%	95.8%

The Better Payment Practice Code requires the SHA to aim to pay all valid invoices by the due date or within 30 days of receipt of goods or invoice document, whichever is later. The table adjacent illustrates the three SHAs' performance for the 2012/13 and 2011/12 financial years.

Each SHA has also signed up to the Prompt Payment Code. The Code is an initiative devised by the Government with The Institute of Credit Management (ICM) to tackle the crucial issue of late payment and to help small businesses especially. Suppliers can have confidence in any organisation that signs up to the code that they will be paid within clearly defined terms, and that there is a proper process for dealing with any payments that are in dispute.

Staff sickness for the period of 1 April 2012 to 31 March 2013

	East of England		East Midlands		West Midlands	
	2012	2011	2012	2011	2012	2011
Total days lost	1,242	1,500	1,190	1,251	2,332	2035
Total staff years	259	285	299	335	300	330
Average working days lost	4.79	5.26	4.0	3.7	7.77	6.2

*Staff sickness absence is reported in a calendar year basis

Exit packages for the period of 1 April 2012 to 31 March 2013 - East of England

	Less than £10,000	Between £10,001 and £25,000	Between £25,001 and £50,000	Between £50,001 and £100,000	Between £100,001 and £150,000	Between £150,001 and £200,000	More than £200,000	Total Number / Cost
Number of Compulsory Redundancies	4	1	7	3	9	4	1	29
Cost of compulsory redundancies (£)	18	12	255	158	1,291	736	408	2,878
Number of other departures agreed	0	0	0	0	1	0	0	1
Cost of other departures agreed (£)	0	0	0	0	102	0	0	102
Total number of exit packages by cost band	4	1	7	3	10	4	1	30
Total cost of exit packages by cost band (£)	18	12	255	158	1,393	736	408	2,980
Number of departures where Special Payments have	0	0	0	0	0	0	0	0
Cost of departures where Special Payments have been	0	0	0	0	0	0	0	0

Exit packages for the period of 1 April 2012 to 31 March 2013 - East Midlands

Number of Compulsory Redundancies	15	7	6	9	1	3	2	43
Cost of compulsory redundancies (£)	95	112	190	677	135	521	512	2,242
Number of other departures agreed	0	0	0	0	0	0	0	0
Cost of other departures agreed (£)	0	0	0	0	0	0	0	0
Total number of exit packages by cost band	15	7	6	9	1	3	2	43
Total cost of exit packages by cost band (£)	95	112	190	677	135	521	512	2,242
Number of departures where Special Payments have been made	0	0	0	0	0	0	0	0
Cost of departures where Special Payments have been made (£)	0	0	0	0	0	0	0	0

Exit packages for the period of 1 April 2012 to 31 March 2013 - West Midlands

Number of Compulsory Redundancies	1	3	2	6	4	3	4	23
Cost of compulsory redundancies (£)	3	41	72	498	492	532	1,005	2,643
Number of other departures agreed	0	0	0	0	0	0	0	0
Cost of other departures agreed (£)	0	0	0	0	0	0	0	0
Total number of exit packages by cost band	1	3	2	6	4	3	4	23
Total cost of exit packages by cost band (£)	3	41	72	498	492	532	1,005	2,643
Number of departures where Special Payments have been made	0	0	0	0	0	0	0	0
Cost of departures where Special Payments have been made (£)	0	0	0	0	0	0	0	0

External Audit

The audit services provided in 2012/13 included the audit of the SHAs financial statements and other statutory activities including value for money work. These services were provided as follows to each of the Authorities and the costs were:

- NHS East of England - Ernst & Young - £98,164
- NHS East Midlands – KPMG - £88,636
- NHS West Midlands – Grant Thornton - £88,080

No non-statutory audit work was completed at any of the SHAs.

Off-payroll Engagements

HM Treasury published PES(2012)17 Annual Reporting Guidance 2012-13 in December 2012. One new requirement is to disclose information about “off-payroll engagements”.

NHS bodies must include the disclosures required by PES(2012)17 within their Annual Reports for 2012-13. There have been no such engagements for the three SHAs within the Midlands and East Cluster.

Full Accounts

The summarised financial statements represent a summary of the full accounts which are available to the public at no charge. Requests for a copy of the full accounts should be addressed to:

TO BE COMPLETED BY DH

Auditors Statement on the Summary Financial Statement

East of England Strategic Health Authority

We have examined the summary financial statement for the year ended 31 March 2013 on pages 29 to 38, which include Performance against targets, Statement of comprehensive net expenditure, Statement of changes in taxpayers equity, Statement of financial position, Statement of cash flows, Running costs, Better payments practice code, Sickness absence, Exit packages and External audit.

This report is made solely to the Accountable Officer of East of England Strategic Health Authority, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 45 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Accountable Officer, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Signing Officer and auditor

The Signing Officer is responsible for overseeing the preparation of the Annual Report.

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

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

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

Opinion

In our opinion the summary financial statement is consistent with the statutory financial statements of the East of England Strategic Health Authority for the year ended 31 March 2013.

Ernst & Young LLP, Statutory Auditor

Date 5 June 2013

Auditors Statement on the Summary Financial Statement

East Midlands Strategic Health Authority

We have examined the summary financial statement for the year ended 31 March 2013 on pages 29 to 38, which include Performance against targets, Statement of comprehensive net expenditure, Statement of changes in taxpayers equity, Statement of financial position, Statement of cash flows, Running costs, Better payments practice code, Sickness absence, Exit packages and External audit.

This report is made solely to the Accountable Officer of East Midlands Strategic Health Authority, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 45 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Accountable Officer, for our audit work, for this report, or for the opinions we have formed.

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Opinion

In our opinion the summary financial statement is consistent with the statutory financial statements of the East Midlands Strategic Health Authority for the year ended 31 March 2013.

KPMG LLP, Statutory Auditor

Date 3 June 2013

Auditors Statement on the Summary Financial Statement

West Midlands Strategic Health Authority

We have examined the summary financial statement for the year ended 31 March 2013 on pages 29 to 38, which include Performance against targets, Statement of comprehensive net expenditure, Statement of changes in taxpayers equity, Statement of financial position, Statement of cash flows, Running costs, Better payments practice code, Sickness absence, Exit packages and External audit.

This report is made solely to the Accountable Officer of West Midlands Strategic Health Authority, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 45 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Accountable Officer, for our audit work, for this report, or for the opinions we have formed.

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Opinion

In our opinion the summary financial statement is consistent with the statutory financial statements of the West Midlands Strategic Health Authority for the year ended 31 March 2013.

Grant Thornton, Statutory Auditor

Date 3 June 2013

Glossary of financial terms

Benefits in kind - Taxable benefits arising from goods and services received by the employee in addition to salary.

Better Payment Practice Code - Requirement for the Authority to aim to pay all valid invoices by the due date or within 30 days of receipt of goods or valid invoice, whichever is later.

Capital Resource Limit - The amount that the Authority is approved to charge to capital expenditure in the year by the Department of Health.

Current Liabilities - Amounts owed by the Authority to other organisations and individuals.

Current Assets - Amounts owed to the Authority by other organisations and individuals.

General Fund - The accumulated surpluses or deficits attributable to the Authority since its formation net of parliamentary funding received.

Impairment - Recognition of losses in value of non-current assets held by the Authority.

Intangible Assets - Non-current assets held by the Authority which do not have physical substance, for example, software licences.

Net Operating Costs - The running costs of the Authority (staff salaries, rent, telephones, office equipment, stationery, etc.), less any income received.

Non-Current Assets - Assets which have a use or operational term spanning more than one financial period.

Pay and Related Costs - These are referred to as Employee Benefits in the Authority's annual accounts and relate to salaries and associated costs.

Provisions - Amounts charged to operating costs for liabilities of uncertain timing or amount.

Revaluation Reserve - Reserve arising from the revaluation of non-current assets required to maintain such assets in the accounts at fair value.

Revenue Resource Limit - The amount that the Authority is approved to charge to operating cost statement in the year by the Department of Health.

Running Costs - Costs incurred that are not direct payments for the provision of healthcare or healthcare related services.

Statement of Cash Flows - Summary of the movements in cash and cash equivalents between statement dates.

Statement of Changes in Taxpayers' Equity - Summary of movements in the Authority's General Fund and Revaluation Reserve during the financial period.

Statement of Comprehensive Net Expenditure - Summary of costs and revenue for the Authority during the financial year.

Statement of Financial Position - Summary of the assets, liabilities and taxpayers equity at the financial year end date.

Governance Statements 2012/13



East Midlands

1. Scope of Responsibility

The NHS Midlands and East Strategic Health Authority (SHA) Cluster Board which comprises the East Midland SHA, East of England SHA and West Midlands SHA is accountable for internal control.

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

The Annual Governance Statement for 2012/13 has been prepared against a backdrop of the most significant transformation for the NHS, signalled by the publication in July 2010 of the NHS White Paper, *Equity and Excellence: Liberating the NHS* and includes the creation of a new provider, commissioner and public health system for health care. These changes have been effected through the Health and Social Care Act 2012 which received Royal Assent on the 27 March 2012.

As Chief Executive, I have overall responsibility and accountability for risk management, and was informed on such issues by the Audit and Risk Committee which reports directly to the SHA Cluster Board. In addition, I received reports on clinical risk and governance issues at SHA Cluster Board meetings.

2. The Governance Framework of the Organisation

The East Midlands SHA, East of England SHA and West Midlands SHA became part of the NHS Midlands and East SHA Cluster in October 2011. From this point onwards, a single set of governance arrangements across the Cluster were established and these have remained in place throughout 2012/13.

Throughout 2012/13, a single Audit Committee and Remuneration & Terms of Service Committee have operated across the SHA Cluster. In addition, a Quality & Patient Safety Committee, a Provider Development Committee and separate Local Education and Training Development Board Committees for the East Midlands SHA, the West Midlands SHA and the East of England SHA have operated throughout 2012/13.

The SHA Cluster Board is committed to ensuring its effectiveness specifically in the context of the national priorities set out in the NHS Operating Framework 2012/13. At each meeting of the SHA Cluster Board held during 2012/13, members reviewed conduct and operation of the SHA Cluster Board meeting with a view to ensuring continual improvement and implementation of best practice.

During 2012/13, the SHA Cluster Board met publicly on six occasions on a rotating basis between the SHA offices in Nottingham, Cambridge and Birmingham forming the SHA Cluster, with video conferencing in place to transmit the meetings between the SHA Cluster offices. During this period, the SHA Cluster Board also met on six occasions for informal development sessions.

Regular reporting items to the SHA Cluster Board during 2012/13 included consideration of an integrated performance report and integrated finance report for the whole of the SHA Cluster. Other key issues included focus on delivering the SHA Cluster Ambitions, progress in maintaining transition, clinical quality and patient safety with updates in relation to the SHA Clusters strategic objectives and corporate business plan.

The SHA Cluster Board also received reports on the activities of its Committees on a regular basis during 2012/13.

Specifically, reports routinely presented to the SHA Cluster Board from the Audit and Risk Committee during 2012/13 have included external audit progress reports, internal audit and counter fraud reports, consideration of the Corporate Risk Register and Board Assurance Framework and business issues including reports on hospitality and waivers of tendering procedures.

Reports from the Provider Development Committee considered issues in relation to the provider management regime, the Foundation Trust pipeline and Community Service preparation.

Reporting from the Quality and Patient Safety Committee focused on the proposed consequence for the management of Never Events across Midlands and the East, progress on the alignment of Independent Investigations and Standardised Hospital Mortality Indicators.

The SHA Cluster Board is committed to ensuring compliance with all aspects of corporate governance, specifically assuring an approach of openness and transparency and ensuring compliance with the Corporate Governance Code. This is particularly maintained through the Code of Conduct and Accountability, Register of Directors' Interests, the Register of Gifts and Hospitality, the Whistleblowing Policy and the Complaints Policy.

3. The Purpose of the System of Internal Control

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

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

The system of internal control has been in place within SHA Cluster for the year ended 31 March 2013.

4. Risk Assessment

The SHA Cluster Board provided leadership to ensure that risk management was embedded within the East Midland SHA, East of England SHA and West Midlands SHA and this incorporated the development of an annual Business Plan, which identified the key objectives, and related risks. Throughout the year the Audit and Risk Committee, chaired by a non-executive director, has taken a lead in overseeing a Risk Management Strategy, Risk Management Policy and Risk Register.

In addition, counter-fraud awareness has been made available to all staff.

Operational control of risk management was co-ordinated by the Corporate Affairs Manager and the Internal Auditors have provided support and guidance. Staff across the SHA Cluster are appraised of the key issues involved in managing risk through awareness raising sessions.

5. The Risk and Control Framework

The Risk Management Strategy of the SHA Cluster has a number of key elements as follows:

- Definition of risk
- Responsibility for risk within the SHA Cluster
- Risk management structure
- Linking clinical, organisational and financial controls
- Principles of the SHA Cluster approach to risk management
- Implementation of Risk Management Strategy with particular reference to risk identification, risk analysis, risk treatment and risk management evaluation.

Integral to implementation of the Risk Management Strategy is working with partner organisations within the SHA Cluster. Engagement with stakeholders is carried out predominantly through the constituent PCT Clusters and Trusts within the SHA Cluster.

At its meetings during 2012/13, the Audit and Risk Committee reviewed the risk register and considered in detail particular risks that have arisen or which face the SHA Cluster, especially those focused around NHS transition.

A Board Assurance Framework for the SHA Cluster has been developed and embodies the following elements:

- Overarching corporate objectives in the context of transition
- Identification of key risks to achieving overarching objectives
- Evaluation of the controls in place to manage risk, and identification of any gaps
- Evaluation of the sources of assurance on controls available to the Board, and identification of any gaps

The Board Assurance Framework is regularly reviewed and updated at Executive Team, Audit and Risk Committee and SHA Cluster Board level to reflect changes in achievement of objectives and the risks affecting them.

In 2012/13, the SHA Cluster had no serious untoward incidents involving internal data loss. In the event of such a data loss incident, the SHA Cluster has a robust, co-ordinated approach to handling them and meeting all the national requirements, including publishing data loss incidents on our website.

Control measures are in place to ensure that all our obligations under equality and diversity legislation are complied with.

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

The SHA Cluster has undertaken considerable action to fulfill its potential as a leading sustainable and low carbon organisation. Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act 2008 and the Adaption Reporting requirements are complied with.

6. Completion of Operational Handover

The NHS Midlands and East SHA Cluster held a handover session to which all receivers were invited on the 4 March 2013 and which provided the key platform for discussing both the Operational Handover document and Quality Handover Document. The main focus for the meeting was (i) senders providing an overview of key issues to receivers (ii) senders and receivers consensus on follow up actions and (iii) consensus between receivers regarding responsibilities beyond April 2013.

The meeting supplemented director level meetings, ensuring that key risks relating to operational and quality issues that were relevant to the functions of organisations at sub regional level were handed over to the appropriate responsible officers. The outcomes of these meetings were clearly logged and will be held in the Midlands and East legacy Hub providing a single reference point.

The operational handover document was formally presented to the NHS Midlands and East SHA Cluster Board on the 25 March 2013.

7. Governance Framework for Accounts Scrutiny

In order to maintain rigour in the essential scrutiny and governance function provided by Audit Committees following the cessation of the Strategic health Authorities on 31 March 2013, the Department of Health has facilitated the establishment of Audit Committees to support the final accounts process.

The approach is designed to draw on the expertise of current Audit Committee Members to form sub committees of the Departments own Audit and Risk Committee. This arrangement will provide a mechanism with the appropriate status to discharge this function.

The NHS Midlands and East SHA Cluster has taken action locally to secure SHA audit committee members for this role.

Arrangements have been made for the meeting of the NHS Midlands and East Audit Sub-Committee of the Department of Health Audit and Risk Committee to be held on the 3 June 2013, at which a senior representative from the Department of Health will be in attendance.

8. Review of 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 control reviews as part of the internal audit work, and on the overall arrangements for gaining assurance through the Board Assurance Framework. I have received assurance from internal audit work on the Board Assurance Framework. Executive Directors (most notably the Director of Finance and Director of Corporate Affairs) within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance.

The Board 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 Internal Audit and External Audit. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control

by the SHA Cluster Board and the Audit and Risk Committee as outlined in Section 1.

The Head of Internal Audit has concluded that a Board Assurance Framework has been established which is designed and operating to meet the requirements of the governance statement for the period from 1 April 2012 to 31 March 2013 and provides significant assurance that there was an effective system of internal control to manage the principal risks identified by the SHA Cluster. In terms of reliance placed upon third party assurances I note that Internal Audit has used information provided by NHS Shared Business Systems to form its opinion, giving rise to classification as significant assurance.

9. Significant Issues

My review confirms that East Midland SHA, East of England SHA and West Midlands SHA has a generally sound system of internal control that supports the achievement of its policies, aims and objectives.



Sir Neil McKay CB

Chief Executive

NHS Midlands and East Strategic Health Authority

Governance Statements 2012/13



West Midlands

1. Scope of Responsibility

The NHS Midlands and East Strategic Health Authority (SHA) Cluster Board which comprises the East Midland SHA, East of England SHA and West Midlands SHA is accountable for internal control.

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As Chief Executive, I have overall responsibility and accountability for risk management, and was informed on such issues by the Audit and Risk Committee which reports directly to the SHA Cluster Board. In addition, I received reports on clinical risk and governance issues at SHA Cluster Board meetings.

2. The Governance Framework of the Organisation

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Throughout 2012/13, a single Audit Committee and Remuneration & Terms of Service Committee have operated across the SHA Cluster. In addition, a Quality & Patient Safety Committee, a Provider Development Committee and separate Local Education and Training Development Board Committees for the East Midlands SHA, the West Midlands SHA and the East of England SHA have operated throughout 2012/13.

The SHA Cluster Board is committed to ensuring its effectiveness specifically in the context of the national priorities set out in the NHS Operating Framework 2012/13. At each meeting of the SHA Cluster Board held during 2012/13, members reviewed conduct and operation of the SHA Cluster Board meeting with a view to ensuring continual improvement and implementation of best practice.

During 2012/13, the SHA Cluster Board met publicly on six occasions on a rotating basis between the SHA offices in Nottingham, Cambridge and Birmingham forming the SHA Cluster, with video conferencing in place to transmit the meetings between the SHA Cluster offices. During this period, the SHA Cluster Board also met on six occasions for informal development sessions.

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The SHA Cluster Board also received reports on the activities of its Committees on a regular basis during 2012/13.

Specifically, reports routinely presented to the SHA Cluster Board from the Audit and Risk Committee during 2012/13 have included external audit progress reports, internal audit and counter fraud reports, consideration of the Corporate Risk Register and Board Assurance Framework and business issues including reports on hospitality and waivers of tendering procedures.

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Reporting from the Quality and Patient Safety Committee focused on the proposed consequence for the management of Never Events across Midlands and the East, progress on the alignment of Independent Investigations and Standardised Hospital Mortality Indicators.

The SHA Cluster Board is committed to ensuring compliance with all aspects of corporate governance, specifically assuring an approach of openness and transparency and ensuring compliance with the Corporate Governance Code. This is particularly maintained through the Code of Conduct and Accountability, Register of Directors' Interests, the Register of Gifts and Hospitality, the Whistleblowing Policy and the Complaints Policy.

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- Evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically

The system of internal control has been in place within SHA Cluster for the year ended 31 March 2013.

4. Risk Assessment

The SHA Cluster Board provided leadership to ensure that risk management was embedded within the East Midland SHA, East of England SHA and West Midlands SHA and this incorporated the development of an annual Business Plan, which identified the key objectives, and related risks. Throughout the year the Audit and Risk Committee, chaired by a non-executive director, has taken a lead in overseeing a Risk Management Strategy, Risk Management Policy and Risk Register.

In addition, counter-fraud awareness has been made available to all staff.

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Sir Neil McKay CB

Chief Executive

NHS Midlands and East Strategic Health Authority

Governance Statements 2012/13



East of England

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The SHA Cluster Board is committed to ensuring compliance with all aspects of corporate governance, specifically assuring an approach of openness and transparency and ensuring compliance with the Corporate Governance Code. This is particularly maintained through the Code of Conduct and Accountability, Register of Directors' Interests, the Register of Gifts and Hospitality, the Whistleblowing Policy and the Complaints Policy.

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- Evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically

The system of internal control has been in place within SHA Cluster for the year ended 31 March 2013.

4. Risk Assessment

The SHA Cluster Board provided leadership to ensure that risk management was embedded within the East Midland SHA, East of England SHA and West Midlands SHA and this incorporated the development of an annual Business Plan, which identified the key objectives, and related risks. Throughout the year the Audit and Risk Committee, chaired by a non-executive director, has taken a lead in overseeing a Risk Management Strategy, Risk Management Policy and Risk Register.

In addition, counter-fraud awareness has been made available to all staff.

Operational control of risk management was co-ordinated by the Corporate Affairs Manager and the Internal Auditors have provided support and guidance. Staff across the SHA Cluster are appraised of the key issues involved in managing risk through awareness raising sessions.

5. The Risk and Control Framework

The Risk Management Strategy of the SHA Cluster has a number of key elements as follows:

- Definition of risk
- Responsibility for risk within the SHA Cluster
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- Linking clinical, organisational and financial controls
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- Implementation of Risk Management Strategy with particular reference to risk identification, risk analysis, risk treatment and risk management evaluation.

Integral to implementation of the Risk Management Strategy is working with partner organisations within the SHA Cluster. Engagement with stakeholders is carried out predominantly through the constituent PCT Clusters and Trusts within the SHA Cluster.

At its meetings during 2012/13, the Audit and Risk Committee reviewed the risk register and considered in detail particular risks that have arisen or which face the SHA Cluster, especially those focused around NHS transition.

A Board Assurance Framework for the SHA Cluster has been developed and embodies the following elements:

- Overarching corporate objectives in the context of transition
- Identification of key risks to achieving overarching objectives
- Evaluation of the controls in place to manage risk, and identification of any gaps
- Evaluation of the sources of assurance on controls available to the Board, and identification of any gaps

The Board Assurance Framework is regularly reviewed and updated at Executive Team, Audit and Risk Committee and SHA Cluster Board level to reflect changes in achievement of objectives and the risks affecting them.

In 2012/13, the SHA Cluster had no serious untoward incidents involving internal data loss. In the event of such a data loss incident, the SHA Cluster has a robust, co-ordinated approach to handling them and meeting all the national requirements, including publishing data loss incidents on our website.

Control measures are in place to ensure that all our obligations under equality and diversity legislation are complied with.

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

The SHA Cluster has undertaken considerable action to fulfill its potential as a leading sustainable and low carbon organisation. Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act 2008 and the Adaption Reporting requirements are complied with.

6. Completion of Operational Handover

The NHS Midlands and East SHA Cluster held a handover session to which all receivers were invited on the 4 March 2013 and which provided the key platform for discussing both the Operational Handover document and Quality Handover Document. The main focus for the meeting was (i) senders providing an overview of key issues to receivers (ii) senders and receivers consensus on follow up actions and (iii) consensus between receivers regarding responsibilities beyond April 2013.

The meeting supplemented director level meetings, ensuring that key risks relating to operational and quality issues that were relevant to the functions of organisations at sub regional level were handed over to the appropriate responsible officers. The outcomes of these meetings were clearly logged and will be held in the Midlands and East legacy Hub providing a single reference point.

The operational handover document was formally presented to the NHS Midlands and East SHA Cluster Board on the 25 March 2013.

7. Governance Framework for Accounts Scrutiny

In order to maintain rigour in the essential scrutiny and governance function provided by Audit Committees following the cessation of the Strategic health Authorities on 31 March 2013, the Department of Health has facilitated the establishment of Audit Committees to support the final accounts process.

The approach is designed to draw on the expertise of current Audit Committee Members to form sub committees of the Departments own Audit and Risk Committee. This arrangement will provide a mechanism with the appropriate status to discharge this function.

The NHS Midlands and East SHA Cluster has taken action locally to secure SHA audit committee members for this role.

Arrangements have been made for the meeting of the NHS Midlands and East Audit Sub-Committee of the Department of Health Audit and Risk Committee to be held on the 3 June 2013, at which a senior representative from the Department of Health will be in attendance.

8. Review of 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 control reviews as part of the internal audit work, and on the overall arrangements for gaining assurance through the Board Assurance Framework. I have received assurance from internal audit work on the Board Assurance Framework. Executive Directors (most notably the Director of Finance and Director of Corporate Affairs) within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance.

The Board 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 Internal Audit and External Audit. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control

by the SHA Cluster Board and the Audit and Risk Committee as outlined in Section 1.

The Head of Internal Audit has concluded that a Board Assurance Framework has been established which is designed and operating to meet the requirements of the governance statement for the period from 1 April 2012 to 31 March 2013 and provides significant assurance that there was an effective system of internal control to manage the principal risks identified by the SHA Cluster. In terms of reliance placed upon third party assurances I note that Internal Audit has used information provided by NHS Shared Business Systems to form its opinion, giving rise to classification as significant assurance.

9. Significant Issues

My review confirms that East Midland SHA, East of England SHA and West Midlands SHA has a generally sound system of internal control that supports the achievement of its policies, aims and objectives.



Sir Neil McKay CB

Chief Executive

NHS Midlands and East Strategic Health Authority

Business principles and statutory information



Freedom of Information

SHA cluster figures for FOI:

1 April 2012 to 31 March 2013 = 187 in the West Midlands, 144 in the East Midlands, 169 in the East of England.

Making an FOI Request

Following the closure of the SHA on 31 March 2013 requests for information should be made to the organisations that took over their responsibilities which are explained on page 6 of this report.

Complaints

Moosa Patel, Director of Corporate Affairs, was responsible for ensuring complaints were handled properly and that each strategic health authority fulfilled its legal requirements.

The three SHAs did not have a formal role in the NHS complaints procedure, other than to respond to complaints about their own activities. During the year each SHA within the Cluster has been contacted on a number of occasions in connection with complaints and queries relating to the SHA and the activities of PCTs and Trusts. Advice about NHS complaints arrangements has been provided and, where appropriate, complaints have been forwarded to the relevant organisations for action. No complaints were received in relation to the three SHAs own activities.

The NHS Midlands and East SHA Cluster is mindful of the Health Service Ombudsman's Principles for Good Administration, Good Complaints Handling and Principles for Remedy and strives to ensure that its response to complaints is consistent with these principles.

Information Governance

The annual Information Governance Self-Assessment exercise took place in 2012/13 using the national Information Governance Toolkit. NHS Midlands and East has maintained compliance with national information governance requirements.

In 2012/13 we had no serious untoward incidents involving internal data loss from any of the three SHAs within the cluster. In the event of such a data loss incident, we have a robust, co-ordinated approach to handling it and meet all the national requirements, including publishing data loss incidents on our websites.

Emergency Planning

The Cluster SHA Emergency Planning function sits with Public Health, led by Professor David Walker.

During 2012/2013, in addition to ensuring that the NHS within the region was confident of being able to appropriately plan for and respond to, any major incident which might have arisen and the anticipated winter pressures on the NHS, the year also required the NHS to have the ability to provide a coordinated and effective response to events such as industrial action and the Olympic and Paralympic games.

As part of NHS reconfiguration, the year also saw the Cluster SHA undertaking a range of preparations to ensure the safe operational handover of the NHS Emergency Planning function to the NHS Commissioning Board. The SHA provided support and resources contributing to the effective future operation of emergency planning, preparedness and recovery. Specifically input was provided to the Commissioning Board regionally, Commissioning Board Area Teams and Local Health Resilience Planning within Local Resilience Forums. This included on advising on the planning /undertaking of exercises, the provision of Emergency Preparedness Resilience and Response training for NHS Commissioning Board post holders and hosting of conferences for emerging NHS organisations.

The regional out-of-hours emergency response function successfully moved to NHS England on April 2013.

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Moosa Patel, Director of Corporate Affairs, was responsible for ensuring complaints were handled properly and that each strategic health authority fulfilled its legal requirements.

The three SHAs did not have a formal role in the NHS complaints procedure, other than to respond to complaints about their own activities. During the year each SHA within the Cluster has been contacted on a number of occasions in connection with complaints and queries relating to the SHA and the activities of PCTs and Trusts. Advice about NHS complaints arrangements has been provided and, where appropriate, complaints have been forwarded to the relevant organisations for action. No complaints were received in relation to the three SHAs own activities.

The NHS Midlands and East SHA Cluster is mindful of the Health Service Ombudsman's Principles for Good Administration, Good Complaints Handling and Principles for Remedy and strives to ensure that its response to complaints is consistent with these principles.

Equality and Diversity

Within the NHS Midlands and East Cluster, Inclusion, Equality & Diversity sat under the Directorate of Performance and Operations. The Public Sector Equality Duty (set out in section 149 of the Equality Act, 2010) came into force on 5 April 2011. The Equality Duty applies to public bodies and others carrying out public functions.

The Equality Duty is supported by specific duties, set out in regulations which started to come into force on 1 October 2010. The specific duties require public bodies to publish relevant, proportionate information demonstrating their compliance with the Equality Duty; and to set themselves specific, measurable equality objectives. This information, and an Equality Assurance Report for each SHA, were published on the individual SHA websites.

Sustainability

In line with the requirement of the NHS Carbon Reduction Strategy, NHS Midlands and East had a Sustainable Development Management Plan (SDMP). The Regional Director of Public Health was responsible for the support offered to NHS trusts in the NHS Midlands and East SHA cluster area. Sustainability leads in the West Midlands SHA, East Midlands SHA and East of England SHA came together in October 2011 to develop a work programme to ensure progress towards the NHS Carbon Reduction Strategy was maintained and transitions to the new health and care system.

There were regional leads for sustainable development across the three statutory SHAs that comprise the Midlands and East cluster, who worked in partnership with the national NHS Sustainable Development Unit to support the NHS in developing their SDMPs, sustainable health services that reduced carbon emissions and met their Good Corporate Citizenship objectives in line with the requirements of the NHS Carbon Reduction Strategy. The leads were drawn from Public Health in the East of England SHA and the East Midlands SHA and from Corporate Governance at the West Midlands SHA.

A survey conducted in May 2012 showed 89% of NHS organisations in NHS Midlands and East SHA Cluster with a Board-approved SDMP in place.

	Number of organisations	NHS organisations with a Board approved SDMP	% of NHS organisations with a Board approved SDMP
East of England	49	46	94
East Midlands	27	22	81
West Midlands	41	36	88
NHS Midlands and East	117	104	89

The support and commitment of the NHS Midlands and East cluster Board to embed sustainability through planning, performance and reporting processes has been crucial to maintaining progress and visibility, specifically by placing sustainability at the heart of its decision-making, and through key lines of enquiry in the commissioning framework and provider management regime.

Working for Midlands and East



Number of Staff in Post 1 October 2011

	Headcount including Fixed Term Contract (FTC) Staff	Whole Time Equivalent
East of England	306	269.72
East Midlands	299	286.33
West Midlands	421	319

Position as at 31 March 2013

	Staff Transferring to other organisations	Staff Redundant	Variant - Starters since October 2011 less
East of England	271 including 21 FTC extended	28 including 7 FTC	7
East Midlands	224	40 including 3 FTC	35
West Midlands	332 including 15 FTC made permanent or	21	68

Sickness Absence for Annual Report

The Key Performance Indicator for Sickness Absence for NHS Organisations is to keep sickness absence below a 3.39% average over the year. NHS Midlands and East exceeded this target in what were very difficult circumstances caused by the unknown of the Transition into the new NHS world.

Sickness absence is not just a matter of ill-health; it is affected by a combination of the health condition, personal resilience, work and organisational factors. Early intervention proved critical and each person off sick was assigned a HR case manager who worked with a line manager to enable people to return to work quickly. NHS Midlands and East recognised that a well-managed workplace may be part of treatment for people recovering from sickness absence and an early appropriate return to work speeds both mental and physical recovery. With simple adjustments and support staff can return to work safely, sometimes before their health concerns completely disappear and they are 100% fit.

Cumulative Sickness Absence

	Cumulative Abs (FTE)	Cumulative Avail (FTE)	Cumulative Abs (FTE) %	Cumulative Estimated cost
East of England	1,877.69	92,665.69	2.03	£225,905.97
East Midlands	2,192.87	106,701.93	2.06	£364,647.32
West Midlands	3,545.86	107,910.16	2.39	£487,312.92
	7,616.42	307,277.98	2.48	£1,077,469.31

This works out to an average cost of sickness absence across Midlands and East as £3.51 per full time equivalent for the year.

Supporting staff through transition period

The cluster set itself an obligation of 'Supporting Staff', through the transition period and carried out extensive work to achieve this aim. This included:

- Transition support programmes:
 - Taking Stock - To enable staff to start to prepare for transition and to develop personal action plans
 - CV and application preparation - Writing successful CVs and applications
 - Preparing for interviews - Practical ways in which to prepare for interviews
 - 1:1s - The opportunity for individuals to have one to one sessions with a professional advisor to discuss personal issues and receive personal advice on careers, CVs, interview skills
 - Job Centre Plus Rapid Response Service - Providing advice on how to find a new job and finding out about benefit entitlements.
 - Running your own business - Practical advice on how to set up your own business
 - Transition from Public to Private Sector - Making the transfer from public to private sector.
- Financial advice programmes:
 - NHS Pensions Agency seminars
 - Independent Financial Advice – face to face and telephone advice with a professional financial advisor.
- Line Manager and HR support:
 - Manager packs to enable managers to provide one to one support for 'at risk' staff
 - HR surgeries
 - Staff engagement events with a focus on transition.
- Access to Individual Learning budgets
 - Staff continued to have access to individual learning accounts and encouraged to use these in order to gain skills and qualifications to meet gaps in their CVs.
- Health and Wellbeing
 - The health and wellbeing of staff has continued to be a key priority, and the work of the Staying Healthy at Work cluster-wide group has had a change on emphasis to support individuals with maintaining their personal resilience levels during transition. Monthly 'resilience' sessions have been held in each SHA across the Cluster providing hints and tips on how to maintain and improve levels of mental resilience. These were particularly well attended with favourable comments from staff.

The cluster's continuing commitment to supporting staff with their health and wellbeing was well received by staff and was recognised with the award of a Staying Healthy at Work accreditation. The certificate was presented to the cluster's health and wellbeing leads by Dame Carole Black in February 2013.

STATEMENT OF THE RESPONSIBILITIES OF THE SIGNING OFFICER OF THE STRATEGIC HEALTH AUTHORITY 2012-13 ACCOUNTS

The Department of Health's Accounting Officer has designated the role of Signing Officer for the final accounts of **East of England Strategic Health Authority** 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 Strategic Health Authority;
- the expenditure and income of the ~~primary care trust~~ ^{STRATEGIC HEALTH AUTHORITY} 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 Accountable Officer until 31 March 2013, I am assured that the responsibilities have been properly discharged.

Signed..........
 Date.....03.06.13.....

STATEMENT OF THE RESPONSIBILITIES OF THE SIGNING OFFICER OF THE STRATEGIC HEALTH AUTHORITY 2012-13 ACCOUNTS

The Department of Health's Accounting Officer has designated the role of Signing Officer for the final accounts of **East Midlands Strategic Health Authority** 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 Strategic Health Authority;
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To the best of my knowledge and belief, and from the assurances provided by the Accountable Officer until 31 March 2013, I am assured that the responsibilities have been properly discharged.

Signed..........
 Date.....3/6/13.....

**STATEMENT OF THE RESPONSIBILITIES OF THE SIGNING OFFICER
OF THE STRATEGIC HEALTH AUTHORITY 2012-13 ACCOUNTS**

The Department of Health's Accounting Officer has designated the role of Signing Officer for the final accounts of **West Midlands Strategic Health Authority** to discharge the following responsibilities for the Department of Health:

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- value for money is achieved from the resources available to the Strategic Health Authority;
- the expenditure and income of the ^{STRATEGIC HEALTH AUTHORITY} 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 Accountable Officer until 31 March 2013, I am assured that the responsibilities have been properly discharged.

Signed..........

Date.....03.09.10.....



Department
of Health



East Midlands Strategic Health Authority

2012-13 Accounts

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East Midlands Strategic Health Authority


2012-13 Accounts

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OF THE STRATEGIC HEALTH AUTHORITY 2012-13 ACCOUNTS**

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To the best of my knowledge and belief, and from the assurances provided by the Accountable Officer until 31 March 2013, I am assured that the responsibilities have been properly discharged.

Signed..... 

Date..... 3/6/13

**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 **East Midlands Strategic Health Authority (SHA)** 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 SHA:

- 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 SHA;
- took reasonable steps for the prevention and detection of fraud and other irregularities;
- achieved value for money from the resources available to the SHA;
- 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: JANET PERRY

Signed: 

Date: 3/6/13

EAST MIDLANDS STRATEGIC HEALTH AUTHORITY

GOVERNANCE STATEMENT 2012/13

1. Scope of Responsibility

The NHS Midlands and East Strategic Health Authority (SHA) Cluster Board which comprises the East Midland SHA, East of England SHA and West Midlands SHA is accountable for internal control.

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

The Annual Governance Statement for 2012/13 has been prepared against a backdrop of the most significant transformation for the NHS, signalled by the publication in July 2010 of the NHS White Paper, *Equity and Excellence: Liberating the NHS* and includes the creation of a new provider, commissioner and public health system for health care. These changes have been effected through the Health and Social Care Act 2012 which received Royal Assent on the 27 March 2012.

As Chief Executive, I have overall responsibility and accountability for risk management, and was informed on such issues by the Audit and Risk Committee which reports directly to the SHA Cluster Board. In addition, I received reports on clinical risk and governance issues at SHA Cluster Board meetings.

2. The Governance Framework of the Organisation

The East Midlands SHA, East of England SHA and West Midlands SHA became part of the NHS Midlands and East SHA Cluster in October 2011. From this point onwards, a single set of governance arrangements across the Cluster were established and these have remained in place throughout 2012/13.

Throughout 2012/13, a single Audit Committee and Remuneration & Terms of Service Committee have operated across the SHA Cluster. In addition, a Quality & Patient Safety Committee, a Provider Development Committee and separate Local Education and Training Development Board Committees for the East Midlands SHA, the West Midlands SHA and the East of England SHA have operated throughout 2012/13.

The SHA Cluster Board is committed to ensuring its effectiveness specifically in the context of the national priorities set out in the NHS Operating Framework 2012/13. At each meeting of the SHA Cluster Board held during 2012/13, members reviewed conduct and operation of the SHA Cluster Board meeting with a view to ensuring continual improvement and implementation of best practice.

During 2012/13, the SHA Cluster Board met publicly on six occasions on a rotating basis between the SHA offices in Nottingham, Cambridge and Birmingham forming the SHA Cluster, with video conferencing in place to transmit the meetings between the SHA Cluster offices. During this period, the SHA Cluster Board also met on six occasions for informal development sessions.

Regular reporting items to the SHA Cluster Board during 2012/13 included consideration of an integrated performance report and integrated finance report for the whole of the SHA Cluster. Other key issues included focus on delivering the SHA Cluster Ambitions, progress in maintaining transition, clinical quality and patient safety with updates in relation to the SHA Clusters strategic objectives and corporate business plan. The SHA Cluster Board also received reports on the activities of its Committees on a regular basis during 2012/13.

Specifically, reports routinely presented to the SHA Cluster Board from the Audit and Risk Committee during 2012/13 have included external audit progress reports, internal audit and counter fraud reports, consideration of the Corporate Risk Register and Board Assurance Framework and business issues including reports on hospitality and waivers of tendering procedures.

Reports from the Provider Development Committee considered issues in relation to the provider management regime, the Foundation Trust pipeline and Community Service preparation.

Reporting from the Quality and Patient Safety Committee focused on the proposed consequence for the management of Never Events across Midlands and the East, progress on the alignment of Independent Investigations and Standardised Hospital Mortality Indicators.

The SHA Cluster Board is committed to ensuring compliance with all aspects of corporate governance, specifically assuring an approach of openness and transparency and ensuring compliance with the Corporate Governance Code. This is particularly maintained through the Code of Conduct and Accountability, Register of Directors' Interests, the Register of Gifts and Hospitality, the Whistleblowing Policy and the Complaints Policy.

3. The Purpose of the System of Internal Control

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

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

The system of internal control has been in place within SHA Cluster for the year ended 31 March 2013.

4. Risk Assessment

The SHA Cluster Board provided leadership to ensure that risk management was embedded within the East Midland SHA, East of England SHA and West Midlands SHA and this incorporated the development of an annual Business Plan, which identified the key objectives, and related risks. Throughout the year the Audit and Risk Committee, chaired by a non-executive director, has taken a lead in overseeing a Risk Management Strategy, Risk Management Policy and Risk Register. In addition, counter-fraud awareness has been made available to all staff.

Operational control of risk management was co-ordinated by the Corporate Affairs Manager and the Internal Auditors have provided support and guidance. Staff across the SHA Cluster are appraised of the key issues involved in managing risk through awareness raising sessions.

5. The Risk and Control Framework

The Risk Management Strategy of the SHA Cluster has a number of key elements as follows:

- Definition of risk
- Responsibility for risk within the SHA Cluster
- Risk management structure

- Linking clinical, organisational and financial controls
- Principles of the SHA Cluster approach to risk management
- Implementation of Risk Management Strategy with particular reference to risk identification, risk analysis, risk treatment and risk management evaluation

Integral to implementation of the Risk Management Strategy is working with partner organisations within the SHA Cluster. Engagement with stakeholders is carried out predominantly through the constituent PCT Clusters and Trusts within the SHA Cluster.

At its meetings during 2012/13, the Audit and Risk Committee reviewed the risk register and considered in detail particular risks that have arisen or which face the SHA Cluster, especially those focused around NHS transition.

A Board Assurance Framework for the SHA Cluster has been developed and embodies the following elements:

- Overarching corporate objectives in the context of transition
- Identification of key risks to achieving overarching objectives
- Evaluation of the controls in place to manage risk, and identification of any gaps
- Evaluation of the sources of assurance on controls available to the Board, and identification of any gaps

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Control measures are in place to ensure that all our obligations under equality and diversity legislation are complied with.

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The SHA Cluster has undertaken considerable action to fulfill its potential as a leading sustainable and low carbon organisation. Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act 2008 and the Adaption Reporting requirements are complied with.

6. Completion of Operational Handover

The NHS Midlands and East SHA Cluster held a handover session to which all receivers were invited on the 4th March 2013 and which provided the key platform for discussing both the Operational Handover document and Quality Handover Document. The main focus for the meeting was (i) senders providing an overview of key issues to receivers (ii) senders and receivers consensus on follow up actions and (iii) consensus between receivers regarding responsibilities beyond April 2013.

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The operational handover document was formally presented to the NHS Midlands and East SHA Cluster Board on the 25th March 2013.

7. Governance Framework for Accounts Scrutiny

In order to maintain rigour in the essential scrutiny and governance function provided by Audit Committees following the cessation of the Strategic health Authorities on 31st March 2013, the Department of Health has facilitated the establishment of Audit Committees to support the final accounts process. The approach is designed to draw on the expertise of current Audit Committee Members to form sub committees of the Departments own Audit and Risk Committee. This arrangement will provide a mechanism with the appropriate status to discharge this function.

The NHS Midlands and East SHA Cluster has taken action locally to secure SHA audit committee members for this role. Arrangements have been made for the meeting of the NHS Midlands and East Audit Sub-Committee of the Department of Health Audit and

Risk Committee to be held on the 3rd June 2013, at which a senior representative from the Department of Health will be in attendance.

8. Review of 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 control reviews as part of the internal audit work, and on the overall arrangements for gaining assurance through the Board Assurance Framework. I have received assurance from internal audit work on the Board Assurance Framework. Executive Directors (most notably the Director of Finance and Director of Corporate Affairs) within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance.

The Board 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 Internal Audit and External Audit. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the SHA Cluster Board and the Audit and Risk Committee as outlined in Section 1.

The Head of Internal Audit has concluded that a Board Assurance Framework has been established which is designed and operating to meet the requirements of the governance statement for the period from 1 April 2012 to 31 March 2013 and provides significant assurance that there was an effective system of internal control to manage the principal risks identified by the SHA Cluster. In terms of reliance placed upon third party assurances I note that Internal Audit has used information provided by NHS Shared Business Systems to form its opinion, giving rise to classification as significant assurance.

9. Significant Issues

My review confirms that East Midland SHA, East of England SHA and West Midlands SHA has a generally sound system of internal control that supports the achievement of its policies, aims and objectives.



pp Sir Neil McKay CB
Chief Executive
NHS Midlands and East Strategic Health Authority

Signing officer
Jane
3/6/12

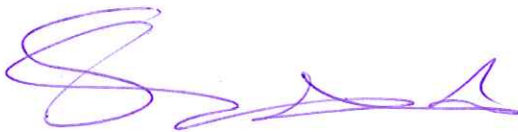
**INDEPENDENT AUDITORS' REPORT TO THE SIGNING OFFICER FOR EAST
MIDLANDS STRATEGIC HEALTH AUTHORITY ON THE SHA SUMMARISATION
SCHEDULES**

We have examined the summarisation schedules designated SHA01 to SHA22 of East Midlands Strategic Health Authority for the year ended 31 March 2013.

This report is made solely to the Signing Officer for East Midlands Strategic Health Authority as a body, in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the Signing Officer, those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Signing Officer, for our audit work, for this report or for the opinions we have formed.

For the purpose of this report, the agreement of figures between the statutory financial statements and the summarisation schedules extends only to those figures within the audited financial statements which are also published in the summarisation schedules. Auditors are required to report on any differences over £250,000 between the final audited statutory financial statements and the summarisation schedules.

In our opinion the figures reported in the final audited statutory financial statements, on which we have issued an unqualified opinion, agree to the figures reported in the summarisation schedules.



Sue Sunderland for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP
St Nicholas House,
31 Park Row,
Nottingham
NG1 6FQ

4 June 2013

INDEPENDENT AUDITORS' REPORT TO THE SIGNING OFFICER FOR EAST MIDLANDS STRATEGIC HEALTH AUTHORITY

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

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

- the table of salaries and allowances of senior managers and related narrative notes on pages 20 to 25;
- the table of pension benefits of senior managers and related narrative notes on pages 26 to 27; and
- the pay multiples and related narrative notes on page 28.

This report is made solely to the Signing Officer for East Midlands Strategic Health Authority in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the Signing Officer for East Midlands Strategic Health Authority those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Signing Officer for East Midlands Strategic Health Authority for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of the Signing Officer and auditors

As explained more fully in the Accounts Certificate of Assurance to the Department of Health Director General, Strategy, Finance and NHS, the Signing Officer is responsible for overseeing the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on regularity prescribed by the Code of Audit Practice 2010 for local NHS bodies

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

Opinion on other matters prescribed by the Code of Audit Practice 2010 for local NHS bodies

In our opinion:

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

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

Conclusion on the SHA's 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 Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice 2010 for local NHS bodies 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 2010 for local NHS bodies and, 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 the results of the work have an impact on our responsibilities at the Authority; and
- our locally determined risk-based work.

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

Certificate

We certify that we have completed the audit of the accounts of East Midlands Strategic Health Authority in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice 2010 for local NHS bodies issued by the Audit Commission.



Sue Sunderland for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP
St Nicholas House,
31 Park Row,
Nottingham
NG1 6FQ

4 June 2013

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

	NOTE	2012-13 £000	2011-12 £000
Administration Costs and Programme Expenditure			
Gross employee benefits	7.1	19,004	19,860
Other costs	5.1	386,298	379,195
Income	4	(5,560)	(4,671)
Net operating costs before interest		399,742	394,384
Investment income	9	0	0
Other (Gains)/Losses	10	0	0
Finance costs	11	25	24
Net operating costs for the financial year		399,767	394,408
Transfers by absorption -(gains)		0	
Transfers by absorption - losses		0	
Net (gain)/loss on transfers by absorption		0	
Net operating costs and transfer gains/losses for the financial year		399,767	394,408
Of which:			
Administration Costs			
Gross employee benefits	7.1	19,004	19,860
Other costs	5.1	18,364	15,943
Income	4	(4,580)	(3,874)
Net administration costs before interest		32,788	31,929
Investment income	9	0	0
Other (Gains)/Losses	10	0	0
Finance costs	11	0	24
Net administration costs for the financial year		32,788	31,953
Programme Expenditure			
Gross employee benefits	7.1	0	0
Other costs	5.1	367,934	363,252
Income	4	(980)	(797)
Net programme expenditure before interest		366,954	362,455
Investment income	9	0	0
Other (Gains)/Losses	10	0	0
Finance costs	11	25	0
Net programme expenditure for the financial year		366,979	362,455
Other Comprehensive Net Expenditure			
		2012-13 £000	2011-12 £000
Impairments and reversals		0	0
Net (gain) on revaluation of property, plant & equipment		0	0
Net (gain) on revaluation of intangibles		0	0
Net (gain) on revaluation of financial assets		0	0
Movement in other reserves		0	0
Net (gain)/loss on available for sale financial assets		0	0
Net Gain / (loss) on Assets Held for Sale		0	
Release of Reserves to Statement of Comprehensive Net Expenditure		0	
Net actuarial (gain)/loss on pension schemes		0	0
Reclassification Adjustments			
On Disposal of Available for Sale Financial Assets		0	0
Total comprehensive net expenditure for the year		399,767	394,408

Statement of Financial Position at 31 March 2013

		31 March 2013	31 March 2012
	NOTE	£000	£000
Non-current assets:			
Property, plant and equipment	12	0	56
Intangible assets	13	0	0
Investment property	15	0	0
Other financial assets	20	0	0
Trade and other receivables	19	0	0
Total non-current assets		<u>0</u>	<u>56</u>
Current assets:			
Inventories	18	0	0
Trade and other receivables	19	926	2,579
Other financial assets	20	0	0
Other current assets	21	0	0
Cash and cash equivalents	22	2,924	28
Sub Total current assets		<u>3,850</u>	<u>2,607</u>
Non-current assets held for sale	23	0	0
Total current assets		<u>3,850</u>	<u>2,607</u>
Total assets		<u>3,850</u>	<u>2,663</u>
Current liabilities			
Trade and other payables	24	(16,708)	(17,485)
Other liabilities	25	0	0
Provisions	31	(1,520)	(110)
Borrowings	26	0	0
Other financial liabilities	27	0	0
Total current liabilities		<u>(18,228)</u>	<u>(17,595)</u>
Non-current assets plus/less net current assets/liabilities		<u>(14,378)</u>	<u>(14,932)</u>
Non-current liabilities			
Trade and other payables	24	0	0
Other Liabilities	25	0	0
Provisions	31	(1,124)	(1,099)
Borrowings	26	0	0
Other financial liabilities	27	0	0
Total non-current liabilities		<u>(1,124)</u>	<u>(1,099)</u>
Total Assets Employed:		<u>(15,502)</u>	<u>(16,031)</u>
Financed by taxpayers' equity:			
General fund		(15,502)	(16,031)
Revaluation reserve		0	0
Other reserves		0	0
Total taxpayers' equity:		<u>(15,502)</u>	<u>(16,031)</u>

The notes on pages x to xx form part of this account.

The financial statements on pages 2 to 5 were approved by the Board on [date] and signed on its behalf by

Chief Executive:

Date:

**Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2013**

	General fund	Revaluation reserve	Other reserves	Total reserves
	£000	£000	£000	£000
Balance at 1 April 2012	(16,031)	0	0	(16,031)
Changes in taxpayers' equity for 2012-13				
Net operating cost plus (gain)/loss on transfers by absorption	(399,767)			(399,767)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment		0		0
Net Gain / (loss) on Revaluation of Intangible Assets		0		0
Net Gain / (loss) on Revaluation of Financial Assets		0		0
Net Gain / (loss) on Assets Held for Sale		0		0
Impairments and reversals		0		0
Movements in other reserves	0		0	0
Transfers between reserves	0	0		0
Release of Reserves to SOCNE		0		0
Transfers between Revaluation Reserve & General Fund in respect of assets transferred under absorption	0	0		0
Reclassification adjustment on disposal of available for sale financial assets		0		0
Net actuarial gain/(loss) on pensions	0		0	0
Total recognised income and expense for 2012-13	(399,767)	0	0	(399,767)
Net Parliamentary funding	400,296			400,296
Balance at 31 March 2013	(15,502)	0	0	(15,502)

Changes in taxpayers' equity for 2011-12

Balance at 1 April 2011	(11,238)	0	0	(11,238)
Adjustment for accounting policy changes (donations and grants)	0	0	0	0
Other adjustments	0	0	0	0
Restated balance at 1 April 2011	(11,238)	0	0	(11,238)
Net operating cost for the year	(394,408)			(394,408)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment		0		0
Net Gain / (loss) on Revaluation of Intangible Assets		0		0
Net Gain / (loss) on Revaluation of Financial Assets		0		0
Net Gain / (loss) on Assets Held for Sale		0		0
Impairments and reversals		0		0
Movements in other reserves	0		0	0
Transfers between reserves	0	0		0
Release of Reserves to SOCNE		0		0
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets		0		0
Reserves Eliminated on Dissolution	0	0		0
Net actuarial gain/(loss) on pensions	0		0	0
Total recognised income and expense for 2011-12	(394,408)	0	0	(394,408)
Net Parliamentary funding	389,615			389,615
Balance at 31 March 2012	(16,031)	0	0	(16,031)

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

NOTE	2012-13 £000	2011-12 £000
Cash Flows from Operating Activities		
Net Operating Cost Before Interest	(399,742)	(394,384)
Depreciation and Amortisation	56	113
Impairments and Reversals	0	0
Other Gains / (Losses) on foreign exchange	0	0
Interest Paid	0	0
(Increase)/Decrease in Inventories	0	0
(Increase)/Decrease in Trade and Other Receivables	1,653	1,681
(Increase)/Decrease in Other Current Assets	0	0
Increase/(Decrease) in Trade and Other Payables	(777)	4,308
(Increase)/Decrease in Other Current Liabilities	0	0
Provisions Utilised	0	(1,235)
Increase/(Decrease) in Provisions	1,410	(99)
Net Cash Inflow/(Outflow) from Operating Activities	(397,400)	(389,616)
Cash flows from investing activities		
Interest Received	0	0
(Payments) for Property, Plant and Equipment	0	0
(Payments) for Intangible Assets	0	0
(Payments) for Other Financial Assets	0	0
Proceeds of disposal of assets held for sale (PPE)	0	0
Proceeds of disposal of assets held for sale (Intangible)	0	0
Proceeds from Disposal of Other Financial Assets	0	0
Rental Revenue	0	0
Net Cash Inflow/(Outflow) from Investing Activities	0	0
Net cash inflow/(outflow) before financing	(397,400)	(389,616)
Cash flows from financing activities		
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT	0	0
Net Parliamentary Funding	400,296	389,615
Capital Receipts Surrendered	0	0
Capital grants and other capital receipts	0	0
Cash Transferred (to)/from Other NHS Bodies	0	0
Net Cash Inflow/(Outflow) from Financing Activities	400,296	389,615
Net increase/(decrease) in cash and cash equivalents	2,896	(1)
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period	28	29
Opening Balance Adjustment	0	0
Restated Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period	28	29
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies	0	0
Cash and Cash Equivalents (and Bank Overdraft) at year end	2,924	28

1. Accounting policies

The Secretary of State for Health has directed that the financial statements of SHAs shall meet the accounting requirements of the SHA Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2012-13 SHAs 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 SHA 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 SHA for the purpose of giving a true and fair view has been selected. The particular policies adopted by the SHA are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

The SHA 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 SHA exercises in-year budgetary control over the other entity.

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

1.1 Accounting Conventions

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

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 SHA'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 management of the SHA has not made specific critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the authority's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

1. Accounting policies (continued)

Key sources of estimation uncertainty

At the Statement of Financial Position date, assumptions have been made regarding asset valuations and provisions. However at current levels, these do not cause a significant risk of material adjustment to the carrying amounts of total assets and liabilities within the next financial year.

Going Concern

Under the provisions of *The Health and Social Care Act 2012 (Commencement No.4. Transitional, Savings and Transitory Provisions) Order 2013*, East Midlands SHA was dissolved on 1 April 2013. SHA's functions, assets and liabilities transferred to other public sector entities as outlined in Note 39. *Events after the Reporting Period*. Where reconfigurations of this nature take place within the public sector, Government accounting requires that the activities concerned are to be considered as continuing operations, and so the closing entity prepares accounts on a "going concern" basis.

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

1.2 Revenue and Funding

The main source of funding for the SHA's allocations (Parliamentary Funding) from the Department of Health within an approved cash limit, which is credited to the General Fund of the SHA. 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 SHA. It principally comprises fees and charges for services provided on a full cost basis to external customers, as well as public repayment work. It includes both income appropriated-in-aid of the Vote and income to the Consolidated Fund which HM Treasury has agreed should be treated as operating income.

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

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

1.3 Taxation

The SHA 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 on-frontline expenditure (administration expenditure). From 2011-12, SHAs therefore analyse and report revenue income and expenditure by "admin and programme". For SHAs, the Department has defined "admin and programme" in terms of running costs.

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

Expense incurred under NHS transition redundancy programmes is however classed as "programme" under Treasury budgetary control arrangements and so is recorded as such in the financial statements.

1. Accounting policies (continued)

1.5 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,
- 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
- 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.

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

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

Subsequent expenditure

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

1. Accounting policies (continued)

1.6 Intangible Assets

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the SHA'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 SHA; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

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

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

Measurement

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

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

1.7 Depreciation, amortisation and impairments

Depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the SHA expects to obtain economic benefits or service potential from the asset. This is specific to the SHA 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 SHA 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.

1. Accounting policies (continued)

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

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

1.8 Non-current assets held for sale

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

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

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

1.9 Inventories

The SHA does not hold inventories.

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.

1. Accounting policies (continued)

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

1.11 Losses and Special Payments

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

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

1.12 Clinical Negligence Costs

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

The NHSLA operates a risk pooling scheme under which the SHA pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The total value of clinical negligence provisions carried by the NHSLA on behalf of the SHA is disclosed at Note 31.

1.13 Employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Retirement benefit costs

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

1. Accounting policies (continued)

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 SHA commits itself to the retirement, regardless of the method of payment.

1.14 Research and Development

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

1.15 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.

1.16 Grant making

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

1.17 EU Emissions Trading Scheme

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

1.18 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 SHA, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

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

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

1. Accounting policies (continued)

1.19 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 SHA 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 SHA'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. This is a change in accounting policy from previous years where leased land was always treated as an operating lease.

The SHA as lessor

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

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

1.20 Foreign exchange

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

1.21 Provisions

a past event, it is probable that the SHA 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 required discount rate.

Public Expenditure System (PES) papers detailing these rates can be found at:

www.dfpni.gov.uk/index/finance/afmd/afmd-finance/afmd-financial_reporting

1. Accounting policies (continued)

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

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

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

1.22 Financial Instruments

Financial assets

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

Financial assets are initially recognised at fair value.

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

Financial assets at fair value through profit and loss

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

Held to maturity investments

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

1. Accounting policies (continued)

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.

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques.

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

Financial liabilities are initially recognised at fair value.

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

1. Accounting policies (continued)

Financial liabilities at fair value through profit and loss

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

Other financial liabilities

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

1.23 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:

IAS 27 Separate Financial Statements - subject to consultation

IAS 28 Investments in Associates and Joint Ventures - subject to consultation

IFRS 9 Financial Instruments - subject to consultation - subject to consultation

IFRS 10 Consolidated Financial Statements - subject to consultation

IFRS 11 Joint Arrangements - subject to consultation

IFRS 12 Disclosure of Interests in Other Entities - subject to consultation

IFRS 13 Fair Value Measurement - subject to consultation

IPSAS 32 - Service Concession Arrangement - subject to consultation

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.

2. Operating Segments

SHA expenditure is split into the following segments:

SHA Activities	- provision of guidance and assurance to organisations in the region, and delivery of national projects on behalf of the Department of Health
Programmes	- provision by national hosted teams of projects on behalf of the Department of Health
Workforce Deanery	- provision of multi-professional education and training to health professionals across the East Midlands

	SHA Activities		Programmes		Workforce Deanery		Total	
	2012-13 £000	2011-12 £000	2012-13 £000	2011-12 £000	2012-13 £000	2011-12 £000	2012-13 £000	2011-12 £000
Expenditure	<u>20,415</u>	<u>17,509</u>	<u>8,065</u>	<u>6,689</u>	<u>371,287</u>	<u>370,210</u>	<u>399,767</u>	<u>394,408</u>
Surplus/(Deficit)								
Segment surplus/(deficit)	17,616	33,037	7,304	8,028	9,525	4,083	34,445	45,148
Common costs	0	0	0	0	0	0	0	0
Surplus/(deficit) before interest	<u>17,616</u>	<u>33,037</u>	<u>7,304</u>	<u>8,028</u>	<u>9,525</u>	<u>4,083</u>	<u>34,445</u>	<u>45,148</u>

The SHA does not report net assets on a segmental basis to the Chief Operating Decision Maker, hence it has adopted the change to IFRS8 and has elected not to report net assets segmentally in these statements

Common costs which could not be apportioned without being misleading amount to £nil

3. Financial Performance Targets

3.1 Revenue Resource Limit

2012-13	2011-12
£000	£000

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

Total Net Operating Cost for the Financial Year		394,408
Net operating costs plus (gain)/loss on transfers by absorption	399,767	
Adjust outturn for "local" PPAs	0	
Revenue Resource Limit	434,212	439,556
Under/(Over)spend Against Revenue Resource Limit (RRL)	34,445	45,148

3.2 Capital Resource Limit

2012-13	2011-12
£000	£000

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

Total Gross Capital Expenditure	0	0
less: Net Book Value of Non-Current Assets Disposed of to NHS Bodies	0	0
less: Net Book Value of Non-Current Assets Disposed of to non-NHS Bodies	0	0
less: Capital Grants Received	0	0
Charge Against the Capital Resource Limit (CRL)	0	0
Capital Resource Limit (CRL)	16,516	2,671
(Over)/Underspend Against CRL	16,516	2,671

3.3 Under/(Over)spend against Cash Limit

2012-13	2011-12
£000	£000

Total Charge to Cash Limit	400,296	389,615
Cash Limit	483,431	404,894
Under/(Over)spend Against Cash Limit	83,135	15,279

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

	2012-13
	£000
Total cash received from the Department of Health	400,709
Less: Trade Income from the Department of Health	(630)
Less/(Plus): movement in Department of Health debtors	217
Sub total: net advances	400,296
(Less)/plus: transfers to/from other resource account bodies	0
Parliamentary funding credited to General Fund	400,296

4. Operating Revenue

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Fees & Charges	35	35	0	56
Rental Income from Finance Leases	0	0	0	0
Rental Income from Operating Leases	0	0	0	0
Recoveries in respect employee benefits	2,625	2,625	0	1,359
Other	2,900	1,920	980	3,256
Total operating revenue	5,560	4,580	980	4,671
Investment Revenue	0	0	0	0
Total Operating and Investment Revenue	5,560	4,580	980	4,671

5. Operating and Running Costs

5.1 Operating costs (excluding employee benefits)

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Chair and Non-executive directors remuneration	104	104	0	87
Consultancy Services	372	372	0	493
External contractors	1,492	1,492	0	1,749
Establishment expenses	3,281	3,281	0	4,116
Transport and moveable plant	106	106	0	128
Premises	2,337	2,337	0	2,542
Impairments & reversals for non current assets held for sale	0	0	0	0
Depreciation	56	56	0	113
Capital - Amortisation	0	0	0	0
Capital - Impairments and reversals - PPE	0	0	0	0
Capital - Impairments and reversals - Intangible Asset	0	0	0	0
Impairments and Reversals of Receivables	0	0	0	0
Impairment and Reversals of financial assets	0	0	0	0
Inventories Write Offs	0	0	0	0
Auditors remuneration - audit fee	89	89	0	154
Auditors remuneration - other fees (freetext note required)	0	0	0	31
MPET	370,303	2,369	367,934	363,252
Other (free text note)	8,158	8,158	0	6,530
NHS Direct funding (EoE SHA)	0		0	0
Commissioning of Healthcare (London SHA)	0		0	0
High Cost Drugs (London SHA)	0		0	0
Impairments and Reversals for Investment Properties	0	0	0	0
Total Operating Costs excl. Employee benefits	386,298	18,364	367,934	379,195

Analysis of Other Costs

SHA Regional Programme Support	£4,993k	FT Progression £2,771k, Leadership Academy £952k, Children's IAPT £289k, NLOP £265k, Ambitions £112k, Other £603k
Fluoridation Project	£2,349k	
Dilapidations Provision	£455k	
Medical Revalidation (WM)	£170k	

5.2 Gross Employee Benefits - excluding capitalised costs and income in respect of staff costs

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000
Employee Benefits (excluding officer board members)	17,694	17,694	0
SHA Officer Board members	1,310	1,310	0
Total Employee Benefits	19,004	19,004	0
Total Operating Costs	405,302	37,368	367,934

SHA Officer Board Members costs relate to the East Midlands proportion of the Midlands and East SHA Cluster Board; this cost is recharged to West Midlands SHA and East of England SHA and this cost recovery is reported as part of income in respect of employee benefits shown in Note 4 above. The net cost attributable to East Midlands SHA is £842k.

5.3 Running costs and public health expenditure

	2012-13 £000	2011-12 £000
Of note 5.1: running costs	32,788	33,700
Of Total operating costs (excl employee benefits): Public Health	515	904
Of Employee Benefits: Public Health	813	826
Total Public Health expenditure	1,328	1,730
Of Operating Revenue:		
Amount relating to Public Health Income from Outside the NHS/DH	0	0

	SHA & MPET £000	Public Health £000	Total £000
Running Costs 2012-13			
Running costs (£000s)	31,571	1,217	32,788
Weighted population (number in units)	4,483,936	4,483,936	4,483,936
Running costs per head of population (£ per head)	7.04	0.27	7.31

Running Costs - 2011-12

	SHA & MPET £000	Public Health £000	Total £000
Running costs (£000s)	31,970	1,730	33,700
Weighted population (number in units)	4,483,936	4,483,936	4,483,936
Running costs per head of population (£ per head)	7.13	0.39	7.52

5.4 Multi-Professional Education and Training Costs

	2012-13 £000	2011-12 £000
NHS Bodies	282,104	281,941
Educational Institutions*	73,008	73,571
Other	12,822	7,741
Total	367,934	363,253

* Educational Institutions include University of Nottingham £28,637k, De Montfort University £11,291k, Derby University £8,182k, University of Northampton £6,366k, Sheffield Hallam University £5,486k, University of Leicester £4,587k, University of Lincoln £2,973k, Sheffield University £2,101k, Coventry University £670k, Open University £641k, Other £2,074k

6. Operating Leases

6.1 SHA as lessee

	Land £000	Buildings £000	Other £000	2012-13 Total £000	2011-12 £000
Payments recognised as an expense					
Minimum lease payments				824	949
Contingent rents				0	0
Sub-lease payments				0	0
Total				824	949
Payable:					
No later than one year	0	306	7	313	339
Between one and five years	0	0	0	0	1,057
After five years	0	0	0	0	0
Total	0	306	7	313	1,396

Total future sublease payments expected to be received: £nil 0 0

Leased buildings consist of:

Octavia House, Interchange Business Park, Sandiacre - annual rental of £325k

Unit 7, Interchange Business Park, Sandiacre - annual rental of £106k

Merus Court, Meridian Business Park - annual rental of £101k

Kings Meadow Campus, Nottingham - annual rental of £170k

St Johns House, Leicester - annual rental of £51k

6.2 SHA as lessor

The SHA does not hold any leases as lessor.

7. Employee Benefits and Staff Numbers

7.1 Employee benefits

	Total £000	Admin £000	Programme £000	Total £000	Permanently employed Admin £000	Programme £000	Total £000	Other Admin £000	Programme £000
Employee Benefits 2012-13 - gross expenditure									
Salaries and wages	14,207	14,207	0	10,544	10,544	0	3,663	3,663	0
Social security costs	1,060	1,060	0	966	966	0	94	94	0
scheme	1,495	1,495	0	1,373	1,373	0	122	122	0
Other pension costs	0	0	0	0	0	0	0	0	0
Other post-employment benefits	0	0	0	0	0	0	0	0	0
Other employment benefits	0	0	0	0	0	0	0	0	0
Termination benefits	2,242	2,242	0	2,242	2,242	0	0	0	0
Total employee benefits	19,004	19,004	0	15,125	15,125	0	3,879	3,879	0
Less recoveries in respect of employee benefits (table below)	(2,625)	(2,625)	0	(2,620)	(2,620)	0	(5)	(5)	0
Total - Net Employee Benefits including capitalised costs	16,379	16,379	0	12,505	12,505	0	3,874	3,874	0
Employee costs capitalised	0	0	0	0	0	0	0	0	0
Gross Employee Benefits excluding capitalised costs	19,004	19,004	0	15,125	15,125	0	3,879	3,879	0

	Total £000	Admin £000	Programme £000	Total £000	Permanently employed Admin £000	Programme £000	Total £000	Other Admin £000	Programme £000
Employee Benefits 2012-13 - income									
Salaries and wages	2119	2,119	0	2,114	2,114	0	5	5	0
Social Security costs	161	161	0	161	161	0	0	0	0
Employer Contributions to NHS Pensions scheme	345	345	0	345	345	0	0	0	0
Other pension costs	0	0	0	0	0	0	0	0	0
Other Post Employment Benefits	0	0	0	0	0	0	0	0	0
Other Employment Benefits	0	0	0	0	0	0	0	0	0
Termination Benefits	0	0	0	0	0	0	0	0	0
Total excluding capitalised costs	2625	2,625	0	2,620	2,620	0	5	5	0

Employee Benefits Prior Year

	Total £000	Permanently employed £000	Other £000
Salaries and wages	15,870	11,066	4,804
Social security costs	1,206	1,081	125
scheme	1,852	1,678	174
Other pension costs	0	0	0
Other post-employment benefits	0	0	0
Other employment benefits	0	0	0
Termination benefits	932	932	0
Total employee benefits	19,860	14,757	5,103
Less recoveries in respect of employee benefits	(1,359)	(1,359)	0
Total - Net Employee Benefits including capitalised costs	18,501	13,398	5,103
Employee costs capitalised	0	0	0
Gross Employee Benefits excluding capitalised costs	19,860	14,757	5,103

7.2 Staff Numbers

	Total Number	2012-13 Permanently employed Number	Other Number	Total Number	2011-12 Permanently employed Number	Other Number
Average Staff Numbers						
TOTAL	296	222	74	354	254	100
Of the above - staff engaged on capital projects	0	0	0	0	0	0

7.3 Staff Sickness absence and ill health retirements

	2012-13 Number	2011-12 Number
Total Days Lost	1,190	1,251
Total Staff Years	299	335
Average working Days Lost	3.98	3.73

	2012-13 Number	2011-12 Number
Number of persons retired early on ill health grounds	0	0

	£000s	£000s
Total additional pensions liabilities accrued in the year	0	0

7.4 Exit Packages agreed during 2012-13

	2012-13			2011-12		
	*Number of compulsory redundancies	*Number of other departures agreed	Total number of exit packages by cost band	*Number of compulsory redundancies	*Number of other departures agreed	Total number of exit packages by cost band
Exit package cost band (including any special payment element)						
Less than £10,000	15	0	15	0	0	0
£10,001-£25,000	7	0	7	0	0	0
£25,001-£50,000	6	0	6	0	0	0
£50,001-£100,000	9	0	9	0	0	0
£100,001 - £150,000	1	0	1	0	0	0
£150,001 - £200,000	3	0	3	0	0	0
>£200,000	2	0	2	2	0	2
Total number of exit packages by type	43	0	43	2	0	2
	£000s	£000s	£000s	£000s	£000s	£000s
Total resource cost	2,242	0	2,242	974	0	974

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 SHA has agreed early retirements, the additional costs are met by the SHA 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.

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		2011-12	
	Number	£000	Number	£000
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	11,229	97,704	10,409	88,088
Total Non-NHS Trade Invoices Paid Within Target	10,816	93,064	10,161	86,752
Percentage of Non-NHS Trade Invoices Paid Within Target	96.32%	95.25%	97.62%	98.48%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	3,009	294,309	2,919	287,992
Total NHS Trade Invoices Paid Within Target	2,913	291,806	2,834	286,593
Percentage of NHS Trade Invoices Paid Within Target	96.81%	99.15%	97.09%	99.51%

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

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

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

9. Investment Income

	Total £000	2012-13 Admin £000	Programme £000	2011-12 Total £000
Rental Income				
Other finance lease revenue	0	0	0	0
Subtotal	0	0	0	0
Interest Income				
Bank interest	0	0	0	0
Other loans and receivables	0	0	0	0
Impaired financial assets	0	0	0	0
Other financial assets	0	0	0	0
Subtotal	0	0	0	0
Total investment income	0	0	0	0

10. Other Gains and Losses

	Total £000	2012-13 Admin £000	Programme £000	2011-12 Total £000
Gain/(loss) on disposal of property, plant and equipment	0	0	0	0
Gain/(loss) on disposal of intangible assets	0	0	0	0
Gain/(loss) on disposal of financial assets	0	0	0	0
Gain/(loss) on disposal of assets held for sale	0	0	0	0
Gain/(loss) on foreign exchange	0	0	0	0
Change in fair value of financial assets carried at fair value through the SoCNE	0	0	0	0
Change in fair value of financial liabilities carried at fair value through the SoCNE	0	0	0	0
Change in fair value of investment property	0	0	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0	0	0
Total	0	0	0	0

11. Finance Costs

	Total £000	2012-13 Admin £000	Programme £000	2011-12 Total £000
Interest				
Interest on obligations under finance leases	0	0	0	0
Interest on late payment of commercial debt	0	0	0	0
Other interest expense	0	0	0	0
Total interest expense	0	0	0	0
Other finance costs	0	0	0	0
Provisions - unwinding of discount	25	0	25	24
Total	25	0	25	24

12. Property, Plant and Equipment

12.1 Property, Plant and Equipment 2012-13

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction and payments on account £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation:									
At 1 April 2012	0	0	0	0	13	0	242	984	1,239
Additions of Assets Under Construction				0					0
Additions purchased	0	0	0		0	0	0	0	0
Additions leased	0	0	0		0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassifications as held for sale and reversals	0	0	0	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	0
Impairments/negative indexation	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Transfers (to)/from other Public Sector Bodies	0	0	0	0	0	0	0	0	0
At 31 March 2013	0	0	0	0	13	0	242	984	1,239
Depreciation									
At 1 April 2012		0	0	0	13	0	230	940	1,183
Reclassifications	0	0	0		0	0	0	0	0
Reclassifications as held for sale	0	0	0		0	0	0	0	0
Disposals other than by sale	0	0	0		0	0	0	0	0
Upward revaluation/positive indexation	0	0	0		0	0	0	0	0
Impairments/negative indexation	0	0	0	0	0	0	0	0	0
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Charged during the year	0	0	0	0	0	0	12	44	56
Transfers (to)/from other Public Sector Bodies	0	0	0	0	0	0	0	0	0
At 31 March 2013	0	0	0	0	13	0	242	984	1,239
Net Book Value at 31 March 2013	0	0	0	0	0	0	0	0	0
Asset financing:									
Owned	0	0	0	0	0	0	0	0	0
Held on finance lease	0	0	0	0	0	0	0	0	0
Total at 31 March 2013	0	0	0	0	0	0	0	0	0

Revaluation Reserve Balance for Property, Plant & Equipment

	Land £000	Buildings £000	Dwellings £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
At 1 April 2012	0	0	0	0	0	0	0	0
Movements (specify)	0	0	0	0	0	0	0	0
At 31 March 2013	0	0	0	0	0	0	0	0

Additions to Assets Under Construction in 2012-13

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

12.2 Property, Plant and Equipment 2011-12

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction and payments on account £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation:									
At 1 April 2011	0	0	0	0	13	0	242	984	1,239
Additions - purchased	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	0
Impairments/negative indexation	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Transfers (to)/from NHS bodies	0	0	0	0	0	0	0	0	0
At 31 March 2012	0	0	0	0	13	0	242	984	1,239
Depreciation									
At 1 April 2011	0	0	0	0	13	0	207	850	1,070
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	0
Impairments/negative indexation	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Charged during the year	0	0	0	0	0	0	23	90	113
Transfers to NHS bodies	0	0	0	0	0	0	0	0	0
At 31 March 2012	0	0	0	0	13	0	230	940	1,183
Net Book Value at 31 March 2012	0	0	0	0	0	0	12	44	56
Asset financing:									
Owned	0	0	0	0	0	0	12	44	56
Held on finance lease	0	0	0	0	0	0	0	0	0
Total at 31 March 2012	0	0	0	0	0	0	12	44	56

12.3 Property, plant and equipment - economic lives

Due to the immaterial value of property, plant and equipment held on the balance sheet, assets

Economic Lives of Non-Current Assets

Class of Asset	Min Life	Max Life
<u>Tangible Assets</u>		
Plant & Machinery	3	5
Information Technology	3	10
Furniture and Fittings	5	13

13. Intangible Non-Current Assets

13.1 Intangible non-current assets 2012-13

	Software internally generated £000	Software purchased £000	Licences & trademarks £000	Patents £000	Development expenditure £000	Total £000
At 1 April 2012	0	163	0	0	0	163
Additions - purchased	0	0	0	0	0	0
Additions - internally generated	0	0	0	0	0	0
Additions - leased	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reclassifications as held for sale and reversals	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0
Impairments/negative indexation	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Transfers (to)/from other Public Sector bodies	0	0	0	0	0	0
At 31 March 2013	0	163	0	0	0	163

Amortisation

At 1 April 2012	0	163	0	0	0	163
Reclassifications	0	0	0	0	0	0
Reclassifications as held for sale and reversals	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0
Impairments/negative indexation	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Charged during the year	0	0	0	0	0	0
Transfers (to)/from other Public Sector bodies	0	0	0	0	0	0
At 31 March 2013	0	163	0	0	0	163

Net Book Value at 31 March 2013

0 0 0 0 0 0

Revaluation reserve balance for intangible non-current assets

	£000	£000	£000	£000	£000	£000
At 1 April 2012	0	0	0	0	0	0
Movements	0	0	0	0	0	0
At 31 March 2013	0	0	0	0	0	0

13.2 Intangible non-current assets 2011-12

	Software internally generated £000	Software purchased £000	Licences & trademarks £000	Patents £000	Development expenditure £000	Total £000
Cost or valuation:						
At 1 April 2011	0	163	0	0	0	163
Additions - purchased	0	0	0	0	0	0
Additions - internally generated	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0
Impairments/negative indexation	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
In-year transfers to/from NHS bodies	0	0	0	0	0	0
At 31 March 2012	0	163	0	0	0	163
Amortisation						
At 1 April 2011	0	163	0	0	0	163
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation or indexation gains	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Charged during the year	0	0	0	0	0	0
In-year transfers to NHS bodies	0	0	0	0	0	0
At 31 March 2012	0	163	0	0	0	163
Net book value at 31 March 2012	0	0	0	0	0	0

13.3 Intangible non-current assets - economic lives

All Intangible non-current assets are held on the balance sheet at historic cost and are not subject to revaluation.

Economic Lives of Non-Current Assets

Class of Asset	Min Life (Years)	Max Life (Years)
<u>Intangible Assets</u>		
Software Licences	3	3

14. Analysis of Impairments and Reversals recognised in 2012-13

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

14. Analysis of Impairments and Reversals recognised in 2012-13 (contd.)

	Total £000	Admin £000	Programme £000
Financial Assets charged to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Total charged to Departmental Expenditure Limit	0	0	0
Loss as a result of catastrophe	0		0
Other	0		0
Total charged to Annually Managed Expenditure	0		0
Financial Assets impairments and reversals charged to the Revaluation Reserve			
Loss or damage resulting from normal operations	0		
Loss as a result of catastrophe	0		
Other	0		
TOTAL impairments for Financial Assets charged to reserves	0		
Total Impairments of Financial Assets	0	0	0
Non-current assets held for sale - impairments and reversals charged to SoCNE.			
Loss or damage resulting from normal operations	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	0	0	0
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	0		0
Changes in market price	0		0
Total charged to Annually Managed Expenditure	0		0
Total impairments of non-current assets held for sale	0	0	0
Inventories - impairments and reversals charged to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Total charged to Departmental Expenditure Limit	0	0	0
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	0		0
Changes in market price	0		0
Total charged to Annually Managed Expenditure	0		0
Total impairments of Inventories	0	0	0
Investment Property impairments charged to SoCNE			
Loss or Damage Resulting from Normal Operations	0	0	0
Total charged to Departmental Expenditure Limit	0	0	0
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	0		0
Changes in market price	0		0
Total charged to Annually Managed Expenditure	0		0
Total Investment Property impairments charged to SoCNE	0	0	0

14. Analysis of Impairments and Reversals recognised in 2012-13 (contd.)

	Total £000	Admin £000	Programme £000
Investment Property impairments and reversals charged to the Revaluation Reserve			
Loss or damage resulting from normal operations	0		
Over specification of assets	0		
Abandonment of assets in the course of construction	0		
Unforeseen obsolescence	0		
Loss as a result of catastrophe	0		
Other	0		
Changes in market price	0		
TOTAL impairments for Investment Property charged to Reserves	0		
Total Investment Property Impairments	0	0	0
Total Impairments charged to Revaluation Reserve	0		
Total Impairments charged to SoCNE - DEL	0	0	0
Total Impairments charged to SoCNE - AME	0		0
Overall Total Impairments	0	0	0
Of which:			
Impairment on revaluation to "modern equivalent asset" basis	0	0	0

15. Investment Property

	31 March 2013 £000	31 March 2012 £000
At fair value		
Balance at 1 April 2012	0	0
Additions through subsequent expenditure	0	0
Other acquisitions	0	0
Disposals	0	0
Property reclassified as held for sale	0	0
Loss from fair value adjustments - Impairments	0	
Gain from fair value adjustments - Reversal of Impairments	0	
Gain from fair value adjustments	0	0
Transfers (to)/from other Public Sector bodies	0	
Other changes	0	0
Balance at 31 March 2013	0	0

Investment property transactions in 2012-13

Capital expenditure	0	0
Capital income	0	0
	0	0

16. Commitments

16.1 Capital commitments

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

	31 March 2013 £000	31 March 2012 £000
Property, plant and equipment	0	0
Intangible assets	0	0
Total	0	0

16.2 Other financial commitments

The SHA has entered into no non-cancellable contracts

17. Intra-Government and Other Balances

	Current receivables £000	Non-current receivables £000	Current payables £000	Non-current payables £000
Balances with other Central Government Bodies	792	0	3,153	0
Balances with Local Authorities	0	0	0	0
Balances with NHS bodies outside the departmental group	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	26	0	6,863	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	108	0	6,692	0
At 31 March 2013	926	0	16,708	0
Balances with other Central Government Bodies	1,118	0	7,117	0
Balances with Local Authorities	2	0	32	0
Balances with NHS Trusts and Foundation Trusts	1,043	0	2,227	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	416	0	8,109	0
At 31 March 2012	2,579	0	17,485	0

18. Inventories

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

19.1 Trade and Other Receivables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
NHS Receivables - revenue	404	1,786	0	0
NHS Receivables - capital	0	0	0	0
NHS prepayments and accrued income	0	247	0	0
Non NHS trade receivables - revenue	333	54	0	0
Non NHS trade receivables - capital	0	0	0	0
Non-NHS prepayments and accrued income	16	317	0	0
Provision for impairments of receivables	(2)	(2)	0	0
VAT	162	128	0	0
Interest receivables	0	0	0	0
Finance lease receivables	0	0	0	0
Operating lease receivables	0	0	0	0
Other receivables	13	49	0	0
Total	926	2,579	0	0
Total current and non current	926	2,579		

19.2 Receivables past their due date but not impaired

	31 March 2013 £000	31 March 2012 £000
By up to three months	178	552
By three to six months	90	3
By more than six months	30	11
Total	298	566

19.3 Provision for impairment of receivables

	2012-13 £000	2011-12 £000
Balance at 1 April 2012	(2)	(2)
Amount written off during the year	0	0
Amount recovered during the year	0	0
(Increase)/decrease in receivables impaired	0	0
Balance at 31 March 2013	(2)	(2)

Receivables impaired include a former employee and a non-NHS organisation. They have been referred to a debt management agency, and there are doubts as to their collectability.

20.1 Other financial assets - current

	31 March 2013	31 March 2012
	£000	£000
Opening balance 1 April	0	0
Transfers (to)/from other Public Sector bodies in year	0	0
Other movements	0	0
Closing balance 31 March	0	0

20.2 Other financial assets - non-current

	31 March 2013	31 March 2012
	£000	£000
Opening balance 1 April	0	0
Additions	0	0
Revaluation	0	0
Impairments	0	0
Impairment reversals	0	0
Transferred to current financial assets	0	0
Disposals	0	0
Transfers (to)/from other Public Sector bodies in year	0	0
Closing balance 31 March	0	0

21. Other Current Assets

	31 March 2013	31 March 2012
	£000	£000
EU Emissions Trading Scheme Allowance	0	0
Other assets	0	0
Total	0	0

22. Cash and Cash Equivalents

	31 March 2013	31 March 2012
	£000	£000
Opening balance	28	29
Net change in year	2,896	(1)
Closing balance	2,924	28
Made up of		
Cash with Government Banking Service	2,924	28
Commercial banks	0	0
Cash in hand	0	0
Current investments	0	0
Cash and cash equivalents as in statement of financial position	2,924	28
Bank overdraft - Government Banking Service	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in statement of cash flows	2,924	28
Patients' money held by the SHA, not included above	0	0

23. Non-current Assets Held for Sale

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

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

At 31 March 2012 0

At 31 March 2013 0

24. Trade and Other Payables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Interest payable	0	0		
NHS payables - revenue	9,109	9,299	0	0
NHS payables - capital	0	0	0	0
NHS accruals and deferred income	0	0	0	0
Non-NHS trade payables - revenue	3,358	3,185	0	0
Non-NHS trade payables - capital	0	0	0	0
Non-NHS accruals and deferred income	2,228	5,000	0	0
Social Security costs	259	0		
VAT	0	0	0	0
Tax	648	0		
Payments received on account	26	0	0	0
Other	1,080	1	0	0
Total	16,708	17,485	0	0
Total payables (current and non-current)	16,708	17,485		

Other payables include £1,078k (2011-12: £nil) in respect of redundancy payments relating to staff leaving the SHA on 31 March 2013. These were paid on 5 April 2013.

In the 2011/12 comparatives, NHS accruals have been re-presented as part of NHS payables in order to achieve consistent presentation of balances with the other SHAs in the cluster.

25. Other Liabilities

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Lease incentives	0	0	0	0
Other	0	0	0	0
Total	0	0	0	0
Total other liabilities (current and non-current)	0	0		

26. Borrowings

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Bank overdraft - Government Banking Service	0	0		
Bank overdraft - commercial banks	0	0		
Finance lease liabilities	0	0	0	0
Other	0	0	0	0
Total	0	0	0	0
Total other liabilities (current and non-current)	0	0		

27. Other Financial Liabilities

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Embedded derivatives at fair value through SoCNE	0	0	0	0
Financial liabilities carried at fair value through SoCNE	0	0	0	0
Amortised cost	0	0	0	0
Total	0	0	0	0
Total other liabilities (current and non-current)	0	0		

28. Deferred Income

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Opening balance at 1 April 2012	0	692	0	381
Deferred income addition	0	0	0	0
Transfer of deferred income	0	(692)	0	(381)
Deferred Income at 31 March 2013	0	0	0	0
Total other liabilities (current and non-current)	0	0		

29. Finance Lease Obligations

The SHA holds no Finance Leases as lessee hence has no Finance Lease obligations

30. Finance Lease Receivables as Lessor

The SHA holds no Finance Lease arrangements as lessor

31. Provisions

	Comprising:									
	Total £000	Pensions to Former Directors £000	Pensions Relating to Other Staff £000	Legal Claims £000	Restructuring £000	Continuing Care £000	Equal Pay £000	Agenda for Change £000	Other £000	Redundancy £000
Balance at 1 April 2012	1,209	0	1,099	110	0	0	0	0	0	0
Arising during the year	1,520	0	0	0	0	0	0	0	1,079	441
Utilised during the year	0	0	0	0	0	0	0	0	0	0
Reversed unused	(110)	0	0	(110)	0	0	0	0	0	0
Unwinding of discount	25	0	25	0	0	0	0	0	0	0
Change in discount rate	0	0	0	0	0	0	0	0	0	0
Transferred (to)/from other public sector bodies	0	0	0	0	0	0	0	0	0	0
Balance at 31 March 2013	2,644	0	1,124	0	0	0	0	0	1,079	441

Expected Timing of Cash Flows:

No later than one year	1,520	0	0	0	0	0	0	0	1,079	441
Later than one year and not later than five years	1,124	0	1,124	0	0	0	0	0	0	0
Later than five years	0	0	0	0	0	0	0	0	0	0

Amount included in the provisions of the NHS Litigation Authority in respect of Clinical Negligence Liabilities:

As at 31 March 2013	112,904
As at 31 March 2012	106,571

Pensions relating to other staff: provision is the unwinding of the discount applied to a potential liability for pensions, which increases over time relating to tenure in position before retirement

Other: Provision relating to the closedown of the SHA and building contracts - delapidations £615k, rent and other buiding costs £463k.

32. Contingencies

	31 March 2013 £000	31 March 2012 £000
Contingent liabilities		
Equal Pay	0	0
Other	0	0
Amounts recoverable against contingent liabilities	0	0
Net Value of Contingent Liabilities	0	0
Contingent Assets		
Contingent Assets	0	0
Net Value of Contingent Assets	0	0

[Give a brief description of the nature of each class of contingent liability/asset and, where practicable (if not, say so) an

33. Impact of IFRS Treatment 2012-13

	Total £000	Admin £000	Programme £000
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g LIFT/PFI)			
Depreciation charges	0	0	0
Interest expense	0	0	0
Impairment charge - AME	0	0	0
Impairment charge - DEL	0	0	0
Other expenditure	0	0	0
Revenue receivable from subleasing	0	0	0
Total IFRS Expenditure (IFRIC12)	0	0	0
Revenue consequences of LIFT/PFI schemes under UK GAAP / ESA95 (net of any sublease income)	0	0	0
Net IFRS change (IFRIC12)	0	0	0
Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12			
Capital expenditure 2012-13	0		
UK GAAP capital expenditure 2012-13 (Reversionary Interest)	0		

34. 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 SHA 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 SHA's expected purchase and usage requirements and the SHA is therefore exposed to little credit, liquidity or market risk.

Currency risk

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

Interest rate risk

SHAs are not permitted to borrow. The SHA therefore has low exposure to interest-rate fluctuations

Credit Risk

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

Liquidity Risk

The SHA 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 SHA is not, therefore, exposed to significant liquidity risks.

34.1 Financial assets

	At 'fair value through profit and loss' £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0			0
Receivables - NHS		538		538
Receivables - non-NHS		102		102
Cash at bank and in hand		2,924		2,924
Other financial assets	0	0	0	0
Total at 31 March 2013	0	3,564	0	3,564
Embedded derivatives	0			0
Receivables - NHS		2,033		2,033
Receivables - non-NHS		60		60
Cash at bank and in hand		28		28
Other financial assets	0	0	0	0
Total at 31 March 2012	0	2,121	0	2,121

34.2 Financial liabilities

	At 'fair value £000	Other £000	Total £000
Embedded derivatives	0		0
NHS payables		8,992	8,992
Non-NHS payables		5,586	5,586
Other borrowings		0	0
PFI & finance lease obligations		0	0
Other financial liabilities	0	0	0
Total at 31 March 2013	0	14,578	14,578
Embedded derivatives	0		0
NHS payables		9,299	9,299
Non-NHS payables		8,186	8,186
Other borrowings		0	0
PFI & finance lease obligations		0	0
Other financial liabilities	0	0	0
Total at 31 March 2012	0	17,485	17,485

35. Related Party Transactions

During the year none of the SHA Board Members, or parties related to them, has undertaken any material transactions with East Midlands SHA. However, the following information has been declared:

Ruth May's (Director of Nursing) husband is Interim Chief Executive at Ipswich Healthcare NHS Trust. Revenue and Expenditure with this Trust is listed below.

Paul-Zollinger-Read (Joint Director of Commissioning Development) is a Medical Advisor to the King's Fund. East Midlands SHA incurred £1k of expenditure with The King's Fund in 12-13.

Professor Robert Harris (Director of Commissioning and Performance) is a Convocation Representative on the University Court, University of Bristol.

East Midlands SHA incurred £1k with the university in 12-13.

Stephen Welfare (Director of Workforce) is a National Council member for Skills for Health.

East Midlands SHA incurred £1k with Skills for Health in 12-13.

Kaye Burnett (Non-Executive Director and Vice Chair) is an associate lecturer at Sheffield Hallam University

East Midlands SHA incurred £5,566k of expenditure with the university in 12-13.

Vijay Sharma (Non-Executive Director) is a member of the University Court, University of Leicester, and her spouse is the Diversity

East Midlands SHA incurred £4,857k with the University of Leicester in 12-13. Revenue and expenditure with the Department of Health is listed below.

35. Related party transactions contd.

The Department of Health is regarded as a related party. During the year, East Midlands SHA has had a significant number of material transactions with the Department, and with other entities for which they are

	2012/13	
	Revenue	Expenditure
	£000s	£000s
Department of Health	630	27
Strategic Health Authorities		
East of England Strategic Health Authority	363	675
London Strategic Health Authority	127	556
North East Strategic Health Authority	15	60
North West Strategic Health Authority	48	43
South Central Strategic Health Authority	14	38
South East Coast Strategic Health Authority	23	-
South West Strategic Health Authority	20	322
West Midlands Strategic Health Authority	462	269
Yorkshire and The Humber Strategic Health Authority	21	239
	1,093	2,202
Primary Care Trusts		
Bassetlaw PCT	66	933
Birmingham East And North PCT	32	
Bradford and Airedale Teaching PCT	3	
Brighton & Hove City Teaching PCT	1	
Calderdale PCT		26
Cambridgeshire PCT		75
Derby City PCT	233	1,206
Derbyshire County PCT	247	5,292
Hastings & Rother PCT	3	
Heart Of Birmingham Teaching PCT	5	
Hull Teaching PCT	2	
Leeds PCT	2	
Leicester City PCT	41	80
Leicestershire County And Rutland PCT	89	7,981
Lincolnshire Teaching PCT	111	3,692
Middlesborough PCT	22	
Norfolk PCT	1	
North Somerset PCT		6
Northamptonshire Teaching PCT	213	5,887
Nottingham City PCT	260	1,366

35. Related party transactions contd.

	2012/13	
	Revenue £000s	Expenditure £000s
Nottinghamshire County Teaching PCT	150	4,901
Rotherham PCT	8	112
Shropshire County PCT		14
South Birmingham PCT		37
South Staffordshire PCT		2
Sutton & Merton PCT		72
West Essex PCT	60	
	1,549	31,682
English NHS Trusts		
Barnet, Enfield And Haringey Mental Health NHS Trust		37
Barts Health NHS Trust		16
Bedford Hospital NHS Trust		176
Brighton And Sussex University Hospitals NHS Trust	11	265
Derbyshire Community Health Services NHS Trust	3	1,398
Dudley & Walsall MH Partnership NHS Trust	3	
East Midlands Ambulance Service NHS Trust		2,657
East Sussex Healthcare NHS Trust		10
Hertfordshire Community NHS Trust	2	
Hinchingbrooke Healthcare NHS Trust		16
Imperial College Healthcare NHS Trust	111	21
Ipswich Hospital NHS Trust		21
Leeds Teaching Hospitals NHS Trust		26
Leicestershire Partnership NHS Trust	3	11,433
Lewisham Healthcare NHS Trust		13
Lincolnshire Community Health Services NHS Trust	3	997
Mid Essex Hospital Services NHS Trust		2
NHS Direct NHS Trust	13	5
North Bristol NHS Trust		10
Northampton General Hospital NHS Trust	8	9,858
Northern Devon Healthcare NHS Trust		9
Nottingham University Hospitals NHS Trust	133	47,383
Nottinghamshire Healthcare NHS Trust	3	9,258
Oxford University Hospitals NHS Trust	14	5
Portsmouth Hospitals NHS Trust		7
Princess Alexandra Hospital NHS Trust	4	
Royal United Hospital Bath NHS Trust		15
Royal Wolverhampton Hospital NHS Trust		13
St Georges Healthcare NHS Trust		1
St Helens And Knowsley Hospitals NHS Trust		5

35. Related party transactions contd.

	2012/13	
	Revenue £000s	Expenditure £000s
Staffordshire And Stoke On Trent Partnership NHS Trust		34
Sussex Community NHS Trust		5
United Lincolnshire Hospitals NHS Trust	6	18,432
University Hospitals Coventry And Warwickshire NHS Trust		2
University Hospitals Of Leicester NHS Trust	68	49,421
West Hertfordshire Hospitals NHS Trust		5
West Midlands Ambulance Service NHS Trust ***FT from 01/01/13***		4
Whittington Hospital NHS Trust		27
Worcestershire Health & Care NHS Trust	3	
Yorkshire Ambulance Service NHS Trust		14
	388	151,601
English RAB Authority		
Health Education England	9	
National Institute for Health and Clinical Excellence		155
NHS Business Services Authority (incl NHS Supply Chain)		38,840
NHS Institute of Innovation and Improvement		189
NHS Litigation Authority		20
NHS Commissioning Board	420	
	429	39,204
English Foundation Trusts		
Berkshire Healthcare NHS Foundation Trust		6
Birmingham Childrens Hospital NHS Foundation Trust		7
Birmingham Womens NHS Foundation Trust	11	
Blackpool Fylde And Wyre NHS Foundation Trust		13
Bolton Hospital NHS Foundation Trust		17
Bradford Teaching Hospitals NHS Foundation Trust		10
Burton Hospitals NHS Foundation Trust		1,680
Calderdale And Huddersfield NHS Foundation Trust		10
Cambridge Univ Hosp NHS Foundation Trust		13
Central And North West London MH NHS Foundation Trust		6
Chesterfield Royal Hospital NHS Foundation Trust		5,857
Christie Hospital NHS Foundation Trust		8
Clatterbridge Centre For Oncology NHS Foundation Trust		138
Derby Hospitals NHS Foundation Trust	11	29,318
Derbyshire Healthcare NHS Foundation Trust	22	2,560
Doncaster And Bassetlaw Hospitals NHS Foundation Trust		37
Dorset County Hospital NHS Foundation Trust		5
East Kent Hospitals University NHS Foundation Trust		5
Gloucestershire Hospitals NHS Foundation Trust	95	
Great Ormond Street Hospital for Children NHS Foundation Trust		15
Great Western Hospitals NHS Foundation Trust		97
Guys And St Thomas NHS Foundation Trust	750	
Heart Of England NHS Foundation Trust		6
James Paget University Hospitals NHS Foundation Trust		16
Kettering General Hospital NHS Foundation Trust	8	7,952
Lancashire Care NHS Foundation Trust		1
Lincolnshire Partnership NHS Foundation Trust	3	1,850
Luton And Dunstable Hospital NHS Foundation Trust		3
Milton Keynes Hospital NHS Foundation Trust		13
Norfolk And Norwich University Hospitals NHS Foundation Trust		16
North Essex Partnership NHS Foundation Trust		6
North Lincolnshire And Goole Hosps NHS Foundation Trust		53
Northamptonshire Healthcare NHS Foundation Trust	45	1,928

35. Related party transactions contd.

	2012/13	
	Revenue	Expenditure
	£000s	£000s
Northumbria Healthcare NHS Foundation Trust		7
Peterborough & Stamford Hospitals NHS Foundation Trust		1,119
Poole Hospital NHS Foundation Trust		7
Rotherham NHS Foundation Trust		8
Rotherham, Doncaster And South Humber NHS Foundation Trust		70
Royal Bournemouth And Christchurch NHS Foundation Trust		35
Royal Devon And Exeter NHS Foundation Trust		15
Royal Free London NHS Foundation Trust		6
Royal Surrey County NHS Foundation Trust		8
Sheffield Childrens NHS Foundation Trust		5
Sheffield Teaching Hospitals NHS Foundation Trust	117	2
Sherwood Forest Hospitals NHS Foundation Trust	54	12,093
South Devon Healthcare NHS Foundation Trust		39
South Warwickshire NHS Foundation Trust		7
Tavistock And Portman NHS Foundation Trust		17
The Dudley Group NHS Foundation Trust	2	
The Mid Cheshire NHS Foundation Trust	7	
The Hillingdon Hospital NHS Foundation Trust		5
The Royal Marsden Hospital NHS Foundation Trust		3
University Hospital Birmingham NHS Foundation Trust		6
University Hospital Southampton NHS Foundation Trust		8
University Hospitals Of Bristol NHS Foundation Trust		9
West Midlands Ambulance Service NHS Foundation Trust (from 01/01/13)		3
West Suffolk NHS Foundation Trust		60
Wirral University Teaching Hospital NHS Foundation Trust		47
Yeovil District Hospital NHS Foundation Trust		1
York Hospitals NHS Foundation Trust		9
	1,125	65,235

In addition, the SHA has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with HM Revenue and Customs in respect of VAT.

36. Losses and Special Payments

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

	Total Value of Cases £	Total Number of Cases
Losses	5,481	1
Special payments	0	0
Total losses and special payments	5,481	1

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

	Total Value of Cases £	Total Number of Cases
Losses	39,305	1
Special payments	0	0
Total losses and special payments	39,305	1

37. Third Party Assets

The SHA held £nil cash and cash equivalents at 31 March 2013 on behalf of third parties (£nil at 31 March 2012).

38. Pooled Budgets

The SHA holds no pooled budgets

39. Cashflows Relating to Exceptional Items

No exceptional items to report

40. Events After the End of the Reporting Period

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

Health Education England
NHS England
Trust Development Agency
Public Health England

	Balances held by SHA as 31st March 2013 £000s	Department of Health £000s
<u>CURRENT ASSETS</u>		
Trade and Other Receivables	926	926
Cash and Cash Equivalents	2,924	2,924
TOTAL Current Assets	3,850	3,850
<u>CURRENT LIABILITIES</u>		
Trade and Other Payables	(16,708)	(16,708)
Provisions	(1,520)	(1,520)
Total Current Liabilities	(18,228)	(18,228)
NET CURRENT ASSETS/(LIABILITIES)	(14,378)	(14,378)
<u>NON-CURRENT LIABILITIES:</u>		
Provisions	(1,124)	(1,124)
ASSETS LESS LIABILITIES (Total Assets Employed)	(15,502)	(15,502)
TAXPAYERS EQUITY		
General Fund	(15,502)	(15,502)
TOTAL	(15,502)	(15,502)



Department
of Health



East of England Strategic Health Authority

2012-13 Accounts

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East of England Strategic Health Authority

2012-13 Accounts

**East of England
Strategic Health Authority**

ANNUAL ACCOUNTS

2012-2013

INDEPENDENT AUDITORS' REPORT TO THE ACCOUNTABLE OFFICER FOR EAST OF ENGLAND STRATEGIC HEALTH AUTHORITY

We have audited the financial statements of East of England Strategic Health Authority for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related notes 1 to 40. The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

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

- the table of salaries and allowances of senior managers and related narrative notes on pages 20-25;
- the table of pension benefits of senior managers and related narrative notes on page 26 and 27; and
- the table of pay multiples and related narrative notes on page 28.

This report is made solely to the Accountable Officer for East of England Strategic Health Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 45 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Accountable Officer, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Signing Officer and auditors

As explained more fully in the Accounts Certificate of Assurance to the Department of Health Director General, Strategy, Finance and NHS, the Signing Officer is responsible for overseeing the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Authority;
- and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

Opinion on regularity

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters

In our opinion:

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

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects

**INDEPENDENT AUDITORS' REPORT TO THE OFFICER RESPONSIBLE FOR
PREPARING THE ACCOUNTS OF EAST OF ENGLND STRATEGIC HEALTH
AUTHORITY ON THE SHA SUMMARISATION SCHEDULES**

We have examined the summarisation schedules designated SHA01 to SHA22 of East of England Strategic Health Authority for the year ended 31 March 2013

This report is made solely to the responsible officer of East of England Strategic Health Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 45 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in March 2010.

For the purpose of this report, the agreement of figures between the statutory financial statements and the summarisation schedules extends only to those figures within the audited financial statements which are also published in the summarisation schedules. Auditors are required to report on any differences over £250,000 between the final audited statutory financial statements and the summarisation schedules.

Unqualified audit opinion on the financial statements; no differences identified:

In our opinion the figures reported in the final audited statutory financial statements, on which we have issued an unqualified opinion, agree to the figures reported in the summarisation schedules.



Debbie Hanson
for and on behalf of Ernst & Young LLP
400 Capability Green, Luton, Bedfordshire, LU1 3LU

5 June 2013

**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 **East of England Strategic Health Authority** (SHA) 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 SHA:

- 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 SHA;
- took reasonable steps for the prevention and detection of fraud and other irregularities;
- achieved value for money from the resources available to the SHA;
- 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: **JANET PERRY**

Signed:



Date: **03.06-13**

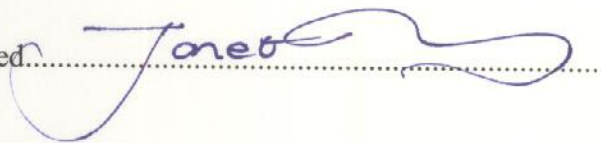
**STATEMENT OF THE RESPONSIBILITIES OF THE SIGNING OFFICER
OF THE STRATEGIC HEALTH AUTHORITY 2012-13 ACCOUNTS**

The Department of Health's Accounting Officer has designated the role of Signing Officer for the final accounts of **East of England Strategic Health Authority** 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 Strategic Health Authority;
- the expenditure and income of the ~~primary care trust~~ **STRATEGIC HEALTH AUTHORITY** 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 Accountable Officer until 31 March 2013, I am assured that the responsibilities have been properly discharged.

Signed.....



Date.....

03.06.13

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

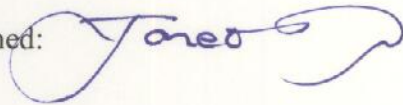
I am aware that as Signing Officer designated by the Department of Health Accounting Officer, you are required to sign the accounts and supporting certificates of **East of England Strategic Health Authority (SHA)** in order to comply with the Department's 2012/13 accounts finalisation process.

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: *JANET PERRY*

Signed:



Date: *03-06-13*

EAST OF ENGLAND STRATEGIC HEALTH AUTHORITY

GOVERNANCE STATEMENT 2012/13

1. Scope of Responsibility

The NHS Midlands and East Strategic Health Authority (SHA) Cluster Board which comprises the East Midland SHA, East of England SHA and West Midlands SHA is accountable for internal control.

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

The Annual Governance Statement for 2012/13 has been prepared against a backdrop of the most significant transformation for the NHS, signalled by the publication in July 2010 of the NHS White Paper, *Equity and Excellence: Liberating the NHS* and includes the creation of a new provider, commissioner and public health system for health care. These changes have been effected through the Health and Social Care Act 2012 which received Royal Assent on the 27 March 2012.

As Chief Executive, I have overall responsibility and accountability for risk management, and was informed on such issues by the Audit and Risk Committee which reports directly to the SHA Cluster Board. In addition, I received reports on clinical risk and governance issues at SHA Cluster Board meetings.

2. The Governance Framework of the Organisation

The East Midlands SHA, East of England SHA and West Midlands SHA became part of the NHS Midlands and East SHA Cluster in October 2011. From this point onwards, a single set of governance arrangements across the Cluster were established and these have remained in place throughout 2012/13.

Throughout 2012/13, a single Audit Committee and Remuneration & Terms of Service Committee have operated across the SHA Cluster. In addition, a Quality & Patient Safety Committee, a Provider Development Committee and separate Local Education and Training Development Board Committees for the East Midlands SHA, the West Midlands SHA and the East of England SHA have operated throughout 2012/13.

The SHA Cluster Board is committed to ensuring its effectiveness specifically in the context of the national priorities set out in the NHS Operating Framework 2012/13. At each meeting of the SHA Cluster Board held during 2012/13, members reviewed conduct and operation of the SHA Cluster Board meeting with a view to ensuring continual improvement and implementation of best practice.

During 2012/13, the SHA Cluster Board met publicly on six occasions on a rotating basis between the SHA offices in Nottingham, Cambridge and Birmingham forming the SHA Cluster, with video conferencing in place to transmit the meetings between the SHA Cluster offices. During this period, the SHA Cluster Board also met on six occasions for informal development sessions.

Regular reporting items to the SHA Cluster Board during 2012/13 included consideration of an integrated performance report and integrated finance report for the whole of the SHA Cluster. Other key issues included focus on delivering the SHA Cluster Ambitions, progress in maintaining transition, clinical quality and patient safety with updates in relation to the SHA Clusters strategic objectives and corporate business plan. The SHA Cluster Board also received reports on the activities of its Committees on a regular basis during 2012/13.

Specifically, reports routinely presented to the SHA Cluster Board from the Audit and Risk Committee during 2012/13 have included external audit progress reports, internal audit and counter fraud reports, consideration of the Corporate Risk Register and Board Assurance Framework and business issues including reports on hospitality and waivers of tendering procedures.

Reports from the Provider Development Committee considered issues in relation to the provider management regime, the Foundation Trust pipeline and Community Service preparation.

Reporting from the Quality and Patient Safety Committee focused on the proposed consequence for the management of Never Events across Midlands and the East, progress on the alignment of Independent Investigations and Standardised Hospital Mortality Indicators.

The SHA Cluster Board is committed to ensuring compliance with all aspects of corporate governance, specifically assuring an approach of openness and transparency and ensuring compliance with the Corporate Governance Code. This is particularly maintained through the Code of Conduct and Accountability, Register of Directors' Interests, the Register of Gifts and Hospitality, the Whistleblowing Policy and the Complaints Policy.

3. The Purpose of the System of Internal Control

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

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

The system of internal control has been in place within SHA Cluster for the year ended 31 March 2013.

4. Risk Assessment

The SHA Cluster Board provided leadership to ensure that risk management was embedded within the East Midland SHA, East of England SHA and West Midlands SHA and this incorporated the development of an annual Business Plan, which identified the key objectives, and related risks. Throughout the year the Audit and Risk Committee, chaired by a non-executive director, has taken a lead in overseeing a Risk Management Strategy, Risk Management Policy and Risk Register. In addition, counter-fraud awareness has been made available to all staff.

Operational control of risk management was co-ordinated by the Corporate Affairs Manager and the Internal Auditors have provided support and guidance. Staff across the SHA Cluster are appraised of the key issues involved in managing risk through awareness raising sessions.

5. The Risk and Control Framework

The Risk Management Strategy of the SHA Cluster has a number of key elements as follows:

- Definition of risk
- Responsibility for risk within the SHA Cluster
- Risk management structure

- Linking clinical, organisational and financial controls
- Principles of the SHA Cluster approach to risk management
- Implementation of Risk Management Strategy with particular reference to risk identification, risk analysis, risk treatment and risk management evaluation

Integral to implementation of the Risk Management Strategy is working with partner organisations within the SHA Cluster. Engagement with stakeholders is carried out predominantly through the constituent PCT Clusters and Trusts within the SHA Cluster.

At its meetings during 2012/13, the Audit and Risk Committee reviewed the risk register and considered in detail particular risks that have arisen or which face the SHA Cluster, especially those focused around NHS transition.

A Board Assurance Framework for the SHA Cluster has been developed and embodies the following elements:

- Overarching corporate objectives in the context of transition
- Identification of key risks to achieving overarching objectives
- Evaluation of the controls in place to manage risk, and identification of any gaps
- Evaluation of the sources of assurance on controls available to the Board, and identification of any gaps

The Board Assurance Framework is regularly reviewed and updated at Executive Team, Audit and Risk Committee and SHA Cluster Board level to reflect changes in achievement of objectives and the risks affecting them.

In 2012/13, the SHA Cluster had no serious untoward incidents involving internal data loss. In the event of such a data loss incident, the SHA Cluster has a robust, co-ordinated approach to handling them and meeting all the national requirements, including publishing data loss incidents on our website.

Control measures are in place to ensure that all our obligations under equality and diversity legislation are complied with.

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

The SHA Cluster has undertaken considerable action to fulfill its potential as a leading sustainable and low carbon organisation. Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act 2008 and the Adaption Reporting requirements are complied with.

6. Completion of Operational Handover

The NHS Midlands and East SHA Cluster held a handover session to which all receivers were invited on the 4th March 2013 and which provided the key platform for discussing both the Operational Handover document and Quality Handover Document. The main focus for the meeting was (i) senders providing an overview of key issues to receivers (ii) senders and receivers consensus on follow up actions and (iii) consensus between receivers regarding responsibilities beyond April 2013.

The meeting supplemented director level meetings, ensuring that key risks relating to operational and quality issues that were relevant to the functions of organisations at sub regional level were handed over to the appropriate responsible officers. The outcomes of these meetings were clearly logged and will be held in the Midlands and East legacy Hub providing a single reference point.

The operational handover document was formally presented to the NHS Midlands and East SHA Cluster Board on the 25th March 2013.

7. Governance Framework for Accounts Scrutiny

In order to maintain rigour in the essential scrutiny and governance function provided by Audit Committees following the cessation of the Strategic health Authorities on 31st March 2013, the Department of Health has facilitated the establishment of Audit Committees to support the final accounts process. The approach is designed to draw on the expertise of current Audit Committee Members to form sub committees of the Departments own Audit and Risk Committee. This arrangement will provide a mechanism with the appropriate status to discharge this function.

The NHS Midlands and East SHA Cluster has taken action locally to secure SHA audit committee members for this role. Arrangements have been made for the meeting of the NHS Midlands and East Audit Sub-Committee of the Department of Health Audit and

Risk Committee to be held on the 3rd June 2013, at which a senior representative from the Department of Health will be in attendance.

8. Review of 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 control reviews as part of the internal audit work, and on the overall arrangements for gaining assurance through the Board Assurance Framework. I have received assurance from internal audit work on the Board Assurance Framework. Executive Directors (most notably the Director of Finance and Director of Corporate Affairs) within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance.

The Board 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 Internal Audit and External Audit. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the SHA Cluster Board and the Audit and Risk Committee as outlined in Section 1.

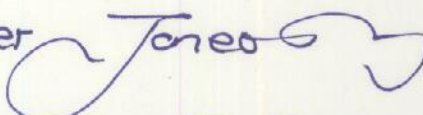
The Head of Internal Audit has concluded that a Board Assurance Framework has been established which is designed and operating to meet the requirements of the governance statement for the period from 1 April 2012 to 31 March 2013 and provides significant assurance that there was an effective system of internal control to manage the principal risks identified by the SHA Cluster. In terms of reliance placed upon third party assurances I note that Internal Audit has used information provided by NHS Shared Business Systems to form its opinion, giving rise to classification as significant assurance.

9. Significant Issues

My review confirms that East Midland SHA, East of England SHA and West Midlands SHA has a generally sound system of internal control that supports the achievement of its policies, aims and objectives.



18 Sir Neil McKay CB
Chief Executive
NHS Midlands and East Strategic Health Authority

signing officer 

East of England SHA - Annual Accounts 2012-13

Statement of Comprehensive Net Expenditure for year ended 31 March 2013

	NOTE	2012-13 £000	2011-12 £000
Administration Costs and Programme Expenditure			
Gross employee benefits	7.1	23,230	20,980
Other costs	5.1	574,605	552,792
Income	4	(6,435)	(9,347)
Net operating costs before interest		591,400	564,425
Investment income	9	0	0
Other (Gains)/Losses	10	0	0
Finance costs	11	0	0
Net operating costs for the financial year		591,400	564,425
Of which:			
Administration Costs			
Gross employee benefits	7.1	18,664	16,585
Other costs	5.1	10,722	13,023
Income	4	(4,015)	(5,495)
Net administration costs before interest		25,371	24,113
Investment income	9	0	0
Other (Gains)/Losses	10	0	0
Finance costs	11	0	0
Net administration costs for the financial year		25,371	24,113
Programme Expenditure			
Gross employee benefits	7.1	4,566	4,395
Other costs	5.1	563,883	539,769
Income	4	(2,420)	(3,852)
Net programme expenditure before interest		566,029	540,312
Investment income	9	0	0
Other (Gains)/Losses	10	0	0
Finance costs	11	0	0
Net programme expenditure for the financial year		566,029	540,312
Other Comprehensive Net Expenditure			
		2012-13 £000	2011-12 £000
Impairments and reversals		13	0
Net (gain) on revaluation of property, plant & equipment		0	0
Net (gain) on revaluation of intangibles		0	0
Net (gain) on revaluation of financial assets		0	0
Movement in other reserves		0	0
Net (gain)/loss on available for sale financial assets		0	0
Net Gain / (loss) on Assets Held for Sale		0	
Release of Reserves to Statement of Comprehensive Net Expenditure		0	
Net actuarial (gain)/loss on pension schemes		0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0
Total comprehensive net expenditure for the year		591,413	564,425

The notes on pages 5 to 34 form part of this account.

East of England SHA - Annual Accounts 2012-13

Statement of financial position at 31 March 2013

		31 March 2013	31 March 2012
	NOTE	£000	£000
Non-current assets:			
Property, plant and equipment	12	1,733	2,359
Intangible assets	13	0	198
Investment property	15	0	0
Other financial assets	20	0	0
Trade and other receivables	19	0	0
Total non-current assets		1,733	2,557
Current assets:			
Inventories	18	0	0
Trade and other receivables	19	2,140	4,438
Other financial assets	20	0	0
Other current assets	21	0	0
Cash and cash equivalents	22	1,079	2
Sub Total current assets		3,219	4,440
Non-current assets held for sale	23	0	0
Total current assets		3,219	4,440
Total assets		4,952	6,997
Current liabilities			
Trade and other payables	24	(16,572)	(23,899)
Other liabilities	25	0	0
Provisions	31	(3,051)	(448)
Borrowings	26	0	0
Other financial liabilities	27	0	0
Total current liabilities		(19,623)	(24,347)
Non-current assets plus/less net current assets/liabilities		(14,671)	(17,350)
Non-current liabilities			
Trade and other payables	24	0	0
Other Liabilities	25	0	0
Provisions	31	0	0
Borrowings	26	0	0
Other financial liabilities	27	0	0
Total non-current liabilities		0	0
Total Assets Employed:		(14,671)	(17,350)
Financed by taxpayers' equity:			
General fund		(14,671)	(17,365)
Revaluation reserve		0	15
Other reserves		0	0
Total taxpayers' equity:		(14,671)	(17,350)

The notes on pages 5 to 34 form part of this account.

The financial statements on pages 1 to 4 were approved by the Audit sub-committee of the Department of Health Audit and Risk Committee on 3rd June 2013 and signed on its behalf by

Signing Officer

Date:

03.06.13

East of England SHA - Annual Accounts 2012-13

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
For the year ended 31 March 2013

	General fund £000	Revaluation reserve £000	Other reserves £000	Total reserves £000
Balance at 1 April 2012	(17,365)	15	0	(17,350)
Changes in taxpayers' equity for 2012-13				
Net operating cost for the year	(591,400)			(591,400)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment		0		0
Net Gain / (loss) on Revaluation of Intangible Assets		0		0
Net Gain / (loss) on Revaluation of Financial Assets		0		0
Net Gain / (loss) on Assets Held for Sale		0		0
Impairments and reversals		(13)		(13)
Movements in other reserves	0		0	0
Transfers between reserves	2	(2)		0
Release of Reserves to SOCNE		0		0
Reclassification adjustment on disposal of available for sale financial assets		0		0
Net actuarial gain/(loss) on pensions	0		0	0
Total recognised income and expense for 2012-13	(591,398)	(15)	0	(591,413)
Net Parliamentary funding	594,092			594,092
Balance at 31 March 2013	(14,671)	0	0	(14,671)
Changes in taxpayers' equity for 2011-12				
Balance at 1 April 2011	(40,653)	17	0	(40,636)
Adjustment for accounting policy changes (donations and grants)	0	0	0	0
Other adjustments	0	0	0	0
Restated balance at 1 April 2011	(40,653)	17	0	(40,636)
Net operating cost for the year	(564,425)			(564,425)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment		0		0
Net Gain / (loss) on Revaluation of Intangible Assets		0		0
Net Gain / (loss) on Revaluation of Financial Assets		0		0
Net Gain / (loss) on Assets Held for Sale		0		0
Impairments and reversals		0		0
Movements in other reserves	0		0	0
Transfers between reserves	2	(2)		0
Release of Reserves to SOCNE		0		0
Reclassification adjustment on disposal of available for sale financial assets		0		0
Net actuarial gain/(loss) on pensions	0		0	0
Total recognised income and expense for 2011-12	(564,423)	(2)	0	(564,425)
Net Parliamentary funding	587,711			587,711
Balance at 31 March 2012	(17,365)	15	0	(17,350)

East of England SHA - Annual Accounts 2012-13

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	(591,400)	(564,425)
Depreciation and Amortisation	300	311
Impairments and Reversals	531	0
Other Gains / (Losses) on foreign exchange	0	0
Interest Paid	0	0
(Increase)/Decrease in Inventories	0	0
(Increase)/Decrease in Trade and Other Receivables	2,298	(1,235)
(Increase)/Decrease in Other Current Assets	0	0
Increase/(Decrease) in Trade and Other Payables	(7,327)	(20,978)
(Increase)/Decrease in Other Current Liabilities	0	0
Provisions Utilised	0	(73)
Increase/(Decrease) in Provisions	2,603	(1,111)
Net Cash Inflow/(Outflow) from Operating Activities	<u>(592,995)</u>	<u>(587,511)</u>
Cash flows from investing activities		
Interest Received	0	0
(Payments) for Property, Plant and Equipment	(20)	(164)
(Payments) for Intangible Assets	0	(36)
(Payments) for Other Financial Assets	0	0
Proceeds of disposal of assets held for sale (PPE)	0	0
Proceeds of disposal of assets held for sale (Intangible)	0	0
Proceeds from Disposal of Other Financial Assets	0	0
Rental Revenue	0	0
Net Cash Inflow/(Outflow) from Investing Activities	<u>(20)</u>	<u>(200)</u>
Net cash inflow/(outflow) before financing	<u>(593,015)</u>	<u>(587,711)</u>
Cash flows from financing activities		
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT	0	0
Net Parliamentary Funding	594,092	587,711
Capital Receipts Surrendered	0	0
Capital grants and other capital receipts	0	0
Cash Transferred (to)/from Other NHS Bodies	0	0
Net Cash Inflow/(Outflow) from Financing Activities	<u>594,092</u>	<u>587,711</u>
Net increase/(decrease) in cash and cash equivalents	<u>1,077</u>	<u>0</u>
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period	<u>2</u>	<u>2</u>
Opening Balance Adjustment	<u>0</u>	<u>0</u>
Restated Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period	<u>2</u>	<u>2</u>
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies	0	0
Cash and Cash Equivalents (and Bank Overdraft) at year end	<u>1,079</u>	<u>2</u>

East of England SHA - Annual Accounts 2012-13

1. Accounting policies

The Secretary of State for Health has directed that the financial statements of SHAs shall meet the accounting requirements of the SHA Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2012-13 SHAs 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 SHA 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 SHA for the purpose of giving a true and fair view has been selected. The particular policies adopted by the SHA are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

The SHA 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 SHA exercises in-year budgetary control over the other entity.

1.1 Accounting Conventions

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

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

Critical judgements in applying accounting policies

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

- All lease agreements held by the SHA (either as lessee or lessor) have been judged as being operating leases on the basis of an assessment of the transfer risks and rewards as given under IAS 17 leases.
- The freehold property held by the SHA in Witham has been identified as surplus to requirements; however, it has not been classified as a non-current asset held for sale because of the transfer on 1 April 2013 to NHS Property Services as part of the reorganisation of the NHS.

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. The exception to this being provisions and accruals where, in some circumstances, estimates need to be made.

1.2 Revenue and Funding

The main source of funding for the SHAs allocations (Parliamentary Funding) from the Department of Health within an approved cash limit, which is credited to the General Fund of the SHA. 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 SHA. It principally comprises fees and charges for services provided on a full cost basis to external customers, as well as public repayment work. It includes both income appropriated-in-aid of the Vote and income to the Consolidated Fund which HM Treasury has agreed should be treated as operating income.

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

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

East of England SHA - Annual Accounts 2012-13

1. Accounting policies (continued)

1.3 Taxation

The SHA 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 on-frontline expenditure (administration expenditure).

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

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

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

Expense incurred under NHS transition redundancy programmes is however classed as "programme" under Treasury budgetary control arrangements and so is recorded as such in the financial statements.

1.5 Property, Plant & Equipment

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 SHA;
- 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 SHA'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
- The SHA hold no specialist buildings.

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

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

Subsequent expenditure

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

East of England SHA - Annual Accounts 2012-13

1. Accounting policies (continued)

1.6 Intangible Assets

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the SHA'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 SHA; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

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

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

Measurement

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

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

1.7 Depreciation, amortisation and impairments

Freehold land, properties under construction and assets held for sale are not depreciated. Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the SHA expects to obtain economic benefits or service potential from the asset. This is specific to the SHA 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 SHA checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

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

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

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

1.8 Cash and cash equivalents

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

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

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1. Accounting policies (continued)

1.9 Losses and Special Payments

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

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

1.10 Clinical Negligence Costs

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

The NHSLA operates a risk pooling scheme under which the SHA pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The total value of clinical negligence provisions carried by the NHSLA on behalf of the SHA is disclosed at Note 31.

1.11 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, except for bonuses earned but not yet taken which is not accrued for at the year end, on the grounds of immateriality.

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

Retirement benefit costs

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

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

1.12 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.

1.13 Grant making

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

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 SHA, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

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

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

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1. Accounting policies (continued)

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 SHA 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 SHA'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. This is a change in accounting policy from previous years where leased land was always treated as an operating lease.

The SHA as lessor

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

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

1.16 Foreign exchange

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

1.17 Provisions

Provisions are recognised when the SHA has a present legal or constructive obligation as a result of a past event, it is probable that the SHA 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% in real terms (2.8% for employess early departure obligations).

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

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

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

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1. Accounting policies (continued)

1.18 Financial Instruments

Financial assets

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

Financial assets are initially recognised at fair value.

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

Loans and receivables

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

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques.

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

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

Other financial liabilities

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

1.19 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 27 Separate Financial Statements - subject to consultation
- IAS 28 Investments in Associates and Joint Ventures - subject to consultation
- IFRS 9 Financial Instruments - subject to consultation
- IFRS 10 Consolidated Financial Statements - subject to consultation
- IFRS 11 Joint Arrangements - subject to consultation
- IFRS 12 Disclosure of Interests in Other Entities - subject to consultation
- IFRS 13 Fair Value Measurement - subject to consultation
- IPSAS 32 - Service Concession Arrangement - subject to consultation

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1. Accounting policies (continued)

1.20 Going Concern

Under the provisions of The Health and Social Care Act 2012 (Commencement No 4 Transitional, Savings and Transitory Provisions) Order 2013, East of England SHA was dissolved on 1st April 2013. The SHAs functions, assets and liabilities transferred to other public sector entities as outlined in Note 40 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 (SOFP) has therefore been drawn up at 31 March 2013 on the same basis as in previous years, reporting balances on the same basis as would a continuing entity. In particular, there has been no general revaluation of assets and liabilities, and no disclosures have been made under IFRS 5 Non-current Assets Held for Sale and Discontinued Operation.

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2 Operating segments

The segments used in this analysis are those separately identified in the Authority's internal Board reporting process.

SHA Activities are those areas that support the running of the SHA and includes reserves held on behalf of PCTs and PCT fund not yet allocated. Workforce Deanery covers the work undertaken by the Authority for Multi-Professional Education and Training (MPET); Programmes covers areas where the Authority manages programmes on behalf of other NHS bodies in the East of England region and Business Case activities; and NHS Direct is a national function hosted by the Authority since 1 April 2008.

	SHA Activities		Programmes		Workforce Deanery		NHS Direct		Total	
	2012-13 £000	2011-12 £000	2012-13 £000	2011-12 £000	2012-13 £000	2011-12 £000	2012-13 £000	2011-12 £000	2012-13 £000	2011-12 £000
Net Operating Costs	<u>12,070</u>	<u>9,245</u>	<u>88,499</u>	<u>64,315</u>	<u>370,120</u>	<u>369,980</u>	<u>120,711</u>	<u>120,885</u>	<u>591,400</u>	<u>564,425</u>
Revenue Resource Limit	<u>9,149</u>	<u>25,824</u>	<u>113,348</u>	<u>90,895</u>	<u>380,995</u>	<u>403,597</u>	<u>146,120</u>	<u>138,938</u>	<u>649,612</u>	<u>659,254</u>
Surplus/(Deficit)										
Segment surplus/(deficit)	(2,921)	16,579	24,849	26,580	10,875	33,617	25,409	18,053	58,212	94,829
Common costs	0	0	0	0	0	0	0	0	0	0
Surplus/(deficit) before interest	<u>(2,921)</u>	<u>16,579</u>	<u>24,849</u>	<u>26,580</u>	<u>10,875</u>	<u>33,617</u>	<u>25,409</u>	<u>18,053</u>	<u>58,212</u>	<u>94,829</u>

The value of net assets is not employed by decision makers within the SHA in managing segments.

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3. Financial Performance Targets

3.1 Revenue Resource Limit

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

Total Net Operating Cost for the Financial Year

Net operating costs plus (gain)/loss on transfers by absorption

Adjust outturn for "local" PPAs

Revenue Resource Limit

Under/(Over)spend Against Revenue Resource Limit (RRL)

2012-13 £000	2011-12 £000
591,400	564,425
0	0
649,612	659,254
58,212	94,829

3.2 Capital Resource Limit

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

Total Gross Capital Expenditure

less: Net Book Value of Non-Current Assets Disposed of to NHS Bodies

less: Net Book Value of Non-Current Assets Disposed of to non-NHS Bodies

less: Capital Grants Received

Charge Against the Capital Resource Limit (CRL)

Capital Resource Limit (CRL)

(Over)/Underspend Against CRL

2012-13 £000	2011-12 £000
20	200
0	0
0	0
0	0
20	200
100	300
80	100

3.3 Under/(Over)spend against cash limit

Total Charge to Cash Limit

Cash Limit

Under/(Over)spend Against Cash Limit

2012-13 £000	2011-12 £000
594,092	587,711
619,635	587,711
25,543	0

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

Total cash received from DH (Gross)

Less: Trade Income from DH

Less/(Plus): movement in DH debtors

Sub total: net advances

(Less)/plus: transfers (to)/from other resource account bodies

Plus: cost of Dentistry Schemes (central charge to cash limits)

Plus: drugs reimbursement (central charge to cash limits)

Parliamentary funding credited to General Fund

2012-13 £000	2011-12 £000
594,092	588,296
0	(611)
0	26
594,092	587,711
0	0
0	0
0	0
594,092	587,711

East of England SHA - Annual Accounts 2012-13

4 Operating Revenue

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Fees & Charges	1,680	1,083	597	3,005
Rental Income from Finance Leases	0	0	0	0
Rental Income from Operating Leases	9	9	0	106
Recoveries in respect employee benefits	1,278	1,062	216	1,301
Other	3,468	1,861	1,607	4,935
Total operating revenue	6,435	4,015	2,420	9,347
Investment Revenue	0	0	0	0
Total Operating and Investment Revenue	6,435	4,015	2,420	9,347

5.1 Operating costs (excluding employee benefits)

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Chair and Non-executive directors remuneration	113	113	0	77
Consultancy Services	1,151	1,146	5	742
External contractors	1,659	1,658	1	135
Establishment expenses	1,483	1,468	15	930
Transport and moveable plant	50	50	0	43
Premises	2,301	2,290	11	2,985
Impairments & reversals for non current assets held for sale	0	0	0	0
Depreciation	225	225	0	240
Capital - Amortisation	75	75	0	71
Capital - Impairments and reversals - PPE	408	0	408	0
Capital - Impairments and reversals - Intangible Asset	123	0	123	0
Impairments and Reversals of Receivables	0	0	0	0
Impairment and Reversals of financial assets	0	0	0	0
Inventories Write Offs	0	0	0	0
Auditors remuneration - audit fee	98	98	0	166
Auditors remuneration - other fees	42	42	0	129
MPET	364,329	2,125	362,204	364,403
Other	82,091	1,432	80,659	62,100
NHS Direct funding (EoE SHA)	120,457		120,457	120,771
Commissioning of Healthcare (London SHA)	0		0	0
High Cost Drugs (London SHA)	0		0	0
Impairments and Reversals for Investment Properties	0	0	0	0
Total Operating Costs excl. Employee benefits	574,605	10,722	563,883	552,792

5.2 Gross Employee Benefits - excluding capitalised costs and income in respect of staff costs

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Employee Benefits (excluding officer board members)	22,248	17,682	4,566	19,294
SHA Officer Board members	982	982	0	1,716
Total Employee Benefits	23,230	18,664	4,566	21,010
TOTAL OPERATING COSTS	597,835	29,386	568,449	573,802

SHA Officer Board Members costs relate to the East of England proportion of the Midlands and East SHA Cluster Board. Part of this cost is recharged to East Midlands SHA and West Midlands SHA and this cost recovery is reported as part of Recoveries in respect of employee benefits shown in Note 4 above. The net cost attributable to East of England SHA is £982k.

Other costs include the following:-

	2012-13 £000	2011-12 £000
Adolescent & Child Screening Programme on behalf of PCTs and Trusts	14,470	12,728
Clinical Excellence Awards	14,405	15,366
Clinical Academia	4,433	4,434
Business Case Support	28,815	21,004
Small Business Research Initiative	3,709	1,195
Pressure Ulcer Programme	1,340	
Innovation Fund	2,310	1,633
Patient Revolution	1,051	
Right Care for Patients - Shared Decision Making	2,872	644
Improving Access to Psychological Therapies	0	118
Health Innovation and Education Clusters (HIECs)	0	200
Plan PCT Development Fund	0	125
Home Oxygen Rebate	0	606
National Pathology Support	0	(184)
National Leadership Programmes	0	1,866
Strategic Fund	0	(105)
Others	8,686	2,470
	82,091	62,100

East of England SHA - Annual Accounts 2012-13

5.3 Running costs and public health expenditure

	2012-13 £000	2011-12 £000
Of total operating costs: running costs*	29,386	29,608
Of total operating costs excluding employee benefits: Public Health	70	33
Of employee benefits: Public Health	779	701
Total Public Health expenditure	849	734
Of Operating Revenue: amount relating to Public Health Income from Outside the NHS/DH	198	203

* The difference between running costs shown in expenditure (above) and the Total in the table below is the revenue amount recorded as Admin in Note 4.

Running Costs 2012-13

	SHA & MPET £000	Public Health £000	Total £000
Running costs (£000s)	24,720	651	25,371
Weighted population (number in units)	5,470,706	5,470,706	5,470,706
Running costs per head of population (£ per head)	4.52	0.12	4.64

Running Costs 2011/12

	SHA & MPET £000	Public Health £000	Total £000
Running costs (£000s)	24,771	537	25,308
Weighted population (number in units)	5,470,706	5,470,706	5,470,706
Running costs per head of population (£ per head)	4.53	0.10	4.63

5.4 Workforce Development Costs

	2012-13 £000	2011-12 £000
NHS bodies	267,829	268,341
Educational Institutions	80,104	92,481
Other	16,396	3,581
	364,329	364,403

Educational Institutions comprise:

University Campus Suffolk	8,676	9,297
University of East Anglia	18,771	18,291
University of Cambridge	3,062	3,090
Anglia Ruskin University	22,844	28,683
University of Essex	8,436	8,982
University of Hertfordshire	11,003	15,241
University of Bedfordshire	6,023	7,205
University College Northampton	922	1,125
Other Educational Institutions	367	567
Total Educational Institutions	80,104	92,481

Other Costs comprise:

Joint Investment Framework	(3)	653
Leadership Training	770	2,380
Medical & Dental Education Levy	48	1,312
Workforce Running Costs	2,236	1,796
Strategic Workforce Investment for Tomorrow	0	415
Non-Medical Training	224	(1,477)
QIPP	748	28
Nursing Tuition	1,750	
Community Specialist Practice	1,890	
Provider Development	795	
People Matters	627	
Other	7,311	(1,526)
Total Other	16,396	3,581

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6. Operating Leases

The SHA has a significant leasing arrangement for office accommodation provided by the property at Victoria House in Fulbourn, Cambridge is leased for the SHA's main business. The lease has a contract period of 25 years which comes to an end in October 2023 with a tenants option to break in 2015

6.1 SHA as lessee	Land £000	Buildings £000	Other £000	2012-13 Total £000	2011-12 £000
Payments recognised as an expense					
Minimum lease payments				1,368	1,385
Contingent rents				0	0
Sub-lease payments				0	0
Total				1,368	1,385
Payable:					
No later than one year	419	838	46	1,303	1,371
Between one and five years	1,333	2,666	41	4,040	4,343
After five years	2,501	5,002	0	7,503	8,492
Total	4,253	8,506	87	12,846	14,206

Total future sublease payments expected to be received:	0	0
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6.2 SHA as lessor

	2012-13 £000	2011-12 £000
Recognised as income		
Rents	9	106
Contingent rents	0	0
Total	9	106
Receivable:		
No later than one year	0	106
Between one and five years	0	394
After five years	0	0
Total	0	500

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7. Employee benefits and staff numbers

7.1 Employee benefits

	Total £000	Admin £000	Programme £000	Permanently employed			Other		
				Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
Employee Benefits 2012-13 - gross expenditure									
Salaries and wages	17,601	13,678	3,923	11,904	9,101	2,803	5,697	4,577	1,120
Social security costs	1,525	1,173	352	1,525	1,173	352	0	0	0
Employer Contributions to NHS BSA - Pensions Division	1,124	864	260	1,124	864	260	0	0	0
Other pension costs	0	0	0	0	0	0	0	0	0
Other post employment benefits	0	0	0	0	0	0	0	0	0
Other employment benefits	0	0	0	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0	0	0	0
Total employee benefits	2,980	2,949	31	2,980	2,949	31	0	0	0
	23,230	18,664	4,566	17,533	14,087	3,446	5,697	4,577	1,120
Less recoveries in respect of employee benefits (table below)	(1,278)	(1,062)	(216)	(1,150)	(934)	(216)	(128)	(128)	0
Total - Net Employee Benefits including capitalised costs	21,952	17,602	4,350	16,383	13,153	3,230	5,569	4,449	1,120
Employee costs capitalised	0	0	0	0	0	0	0	0	0
Gross Employee Benefits excluding capitalised costs	23,230	18,664	4,566	17,533	14,087	3,446	5,697	4,577	1,120

Employee Benefits 2012-13 - income

	Total £000	Admin £000	Programme £000	Permanently employed			Other		
				Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
Salaries and wages	1,073	895	178	945	767	178	128	128	0
Social Security costs	118	96	22	118	96	22	0	0	0
Employer Contributions to NHS BSA - Pensions Division	87	71	16	87	71	16	0	0	0
Other pension costs	0	0	0	0	0	0	0	0	0
Other Post Employment Benefits	0	0	0	0	0	0	0	0	0
Other Employment Benefits	0	0	0	0	0	0	0	0	0
Termination Benefits	0	0	0	0	0	0	0	0	0
TOTAL excluding capitalised costs	1,278	1,062	216	1,150	934	216	128	128	0

Employee Benefits Prior Year

	Total £000	Permanently employed £000	Other £000
Employee Benefits Gross expenditure 2011-12			
Salaries and wages	17,793	14,829	2,964
Social security costs	1,323	1,323	0
Employer Contributions to NHS BSA - Pensions Division	1,864	1,864	0
Other pension costs	0	0	0
Other post-employment benefits	0	0	0
Other employment benefits	0	0	0
Termination benefits	0	0	0
Total employee benefits	20,980	18,016	2,964
Less recoveries in respect of employee benefits	(1,301)	(1,301)	0
Total - Net Employee Benefits including capitalised costs	19,679	16,715	2,964
Employee costs capitalised	0	0	0
Gross Employee Benefits excluding capitalised costs	20,980	18,016	2,964

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						
Other	314	237	77	309	256	53
TOTAL	314	237	77	309	256	53
Of the above - staff engaged on capital projects	0	0	0	0	0	0

7.3 Staff Sickness absence and ill health retirements

	2012-13 Number	2011-12 Number
Total Days Lost	1,242	1,500
Total Staff Years	259	285
Average working Days Lost	4.80	5.26

	2012-13 Number	2011-12 Number
Number of persons retired early on ill health grounds	0	1

No additional pensions liabilities were accrued in the year by the SHA.

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7.4 Exit Packages agreed during 2012-13

Exit package cost band (including any special payment element)	2012-13			2011-12		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
	Number	Number	Number	Number	Number	Number
Less than £10,000	4	0	4	0	0	0
£10,001-£25,000	1	0	1	0	0	0
£25,001-£50,000	7	0	7	0	0	0
£50,001-£100,000	3	0	3	0	0	0
£100,001 - £150,000	9	1	10	0	0	0
£150,001 - £200,000	4	0	4	0	0	0
>£200,000	1	0	1	0	0	0
Total number of exit packages by type (total cost)	29	1	30	0	0	0
Total resource cost	£000s	£000s	£000s	£000s	£000s	£000s
	2,878	102	2,980	0	0	0

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

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

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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.

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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	10,359	128,006	8,458	124,951
Total Non-NHS Trade Invoices Paid Within Target	10,059	123,173	8,195	122,706
Percentage of NHS Trade Invoices Paid Within Target	<u>97.10%</u>	<u>96.22%</u>	<u>96.89%</u>	<u>98.20%</u>
NHS Payables				
Total NHS Trade Invoices Paid in the Year	3,301	466,605	3,327	458,039
Total NHS Trade Invoices Paid Within Target	3,076	455,930	3,140	448,270
Percentage of NHS Trade Invoices Paid Within Target	<u>93.18%</u>	<u>97.71%</u>	<u>94.38%</u>	<u>97.87%</u>

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

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

The SHA did not make any payments in 2012/13 in respect of late payment of commercial debt.

9. Investment Income

The SHA had no investment income in 2012/13.

10. Other Gains and Losses

The SHA had no other gains and losses in 2012/13.

11. Finance Costs

The SHA did not incur any finance costs in 2012/13.

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12.1 Property, plant and equipment

2012-13

Cost or valuation:

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
At 1 April 2012	648	1,761	0	0	0	0	657	823	3,889
Additions of Assets Under Construction									
Additions Purchased	0	0	0	0	0	0	20	0	20
Additions Leased	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassifications as Held for Sale and Reversals	0	0	0	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	0
Impairments/negative indexation charged to reserves	0	0	0	0	0	0	0	0	0
Reversal of impairments charged to reserves	0	0	0	0	0	0	0	(13)	(13)
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	0
At 31 March 2013	648	1,761	0	0	0	0	677	810	3,896

Depreciation

At 1 April 2012	64	391	0	0	0	0	392	683	1,530
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassifications as Held for Sale	0	0	0	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	0
Impairments/negative indexation charged to operating expenses	0	126	0	0	0	0	196	86	408
Reversal of impairments charged to operating expenses	0	0	0	0	0	0	0	0	0
Charged During the Year	0	95	0	0	0	0	89	41	225
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	0
At 31 March 2013	64	612	0	0	0	0	677	810	2,163
Net Book Value at 31 March 2013	584	1,149	0	0	0	0	0	0	1,733

Asset financing:

Owned	584	1,149	0	0	0	0	0	0	1,733
Held on finance lease	0	0	0	0	0	0	0	0	0
Total at 31 March 2013	584	1,149	0	0	0	0	0	0	1,733

Revaluation Reserve Balance for Property, Plant & Equipment

	Land £000's	Buildings £000's	Dwellings £000's	Assets under construction & payments on account £000's	Plant & machinery £000's	Transport equipment £000's	Information technology £000's	Furniture & fittings £000's	Total £000's
At 1 April 2012	0	0	0	0	0	0	0	15	15
Impairments and excess depreciation	0	0	0	0	0	0	0	(15)	(15)
At 31 March 2013	0	0	0	0	0	0	0	0	0

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12.2 Property, plant and equipment

2011-12

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:									
At 1 April 2011									
Additions - purchased	648	1,626	0	0	0	0	628	823	3,725
Reclassifications	0	135	0	0	0	0	29	0	164
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	0
Impairments/negative indexation charged to reserves	0	0	0	0	0	0	0	0	0
Reversal of impairments charged to reserves	0	0	0	0	0	0	0	0	0
Transfers (to)/from NHS Bodies	0	0	0	0	0	0	0	0	0
At 31 March 2012	648	1,761	0	0	0	0	657	823	3,889
Depreciation									
At 1 April 2011									
Reclassifications	64	299	0	0	0	0	285	642	1,290
Reclassifications as Held for Sale	0	0	0	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	0
Impairments/negative indexation charged to operating expenses	0	0	0	0	0	0	0	0	0
Reversal of impairments charged to operating expenses	0	0	0	0	0	0	0	0	0
Charged During the Year	0	92	0	0	0	0	107	41	240
Transfers to NHS Bodies	0	0	0	0	0	0	0	0	0
At 31 March 2012	64	391	0	0	0	0	392	683	1,530
Net book value	584	1,370	0	0	0	0	265	140	2,359
Asset financing:									
Owned	584	1,370	0	0	0	0	265	140	2,359
Held on finance lease	0	0	0	0	0	0	0	0	0
Total at 31 March 2012	584	1,370	0	0	0	0	265	140	2,359

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12.3 Property, plant and equipment

A professional valuation of land and buildings excluding dwellings was carried out by Kemsley LLP, property consultants and surveyors, which is regulated by the Royal Institute of Chartered Surveyors (RICS), on 6th December 2011. The valuation was carried out in accordance with the RICS Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Department of Health and HM Treasury. The valuation was confined to the Authority's Witham property being the only property held at that time and carried out on the basis of existing market value, freehold and subject to existing tenancies.

The Authority's Witham property has been identified as surplus to requirements and will be transferred to NHS Property Services Limited on 1 April 2013. This property cannot therefore be recorded as a non-current asset held for sale.

The asset lives for each class of asset held by the SHA are as follows:-
Buildings excluding dwellings: 5 to 30 years

All property plant and equipment with the exception of land and buildings relating to the Authority's Witham property were impaired to nil value in 2012/13.

13.1 Intangible non-current assets

2012-13	Software internally generated £000	Software purchased £000	Licences & trademarks £000	Patents £000	Development expenditure £000	Total £000
At 1 April 2012	0	395	0	0	0	395
Additions - purchased	0	0	0	0	0	0
Additions - internally generated	0	0	0	0	0	0
Additions - leased	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reclassifications as Held for Sale and Reversals	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0
Impairments/negative indexation charged to reserves	0	0	0	0	0	0
Reversal of Impairments charged to reserves	0	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0
At 31 March 2013	0	395	0	0	0	395
Amortisation						
At 1 April 2012	0	197	0	0	0	197
Reclassifications	0	0	0	0	0	0
Reclassifications as Held for Sale and Reversals	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0
Impairments/negative indexation charged to operating expense:	0	123	0	0	0	123
Reversal of Impairments charged to operating expenses	0	0	0	0	0	0
Charged During the Year	0	75	0	0	0	75
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0
At 31 March 2013	0	395	0	0	0	395
Net Book Value at 31 March 2013	0	0	0	0	0	0
Revaluation reserve balance for intangible non-current assets						
At 1 April 2012	£000's 0	£000's 0	£000's 0	£000's 0	£000's 0	£000's 0
Movements (specify)	0	0	0	0	0	0
At 31 March 2013	0	0	0	0	0	0

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13.2 Intangible non-current assets

2011-12	Software internally generated £000	Software purchased £000	Licences & trademarks £000	Patents £000	Development expenditure £000	Total £000
Cost or valuation:						
At 1 April 2011	0	359	0	0	0	359
Additions - purchased	0	36	0	0	0	36
Additions - internally generated	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0
Impairments/negative indexation charged to reserves	0	0	0	0	0	0
Reversal of Impairments charged to reserves	0	0	0	0	0	0
In-year transfers to/from NHS bodies	0	0	0	0	0	0
At 31 March 2012	0	395	0	0	0	395
Amortisation						
At 1 April 2011	0	126	0	0	0	126
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation or indexation gains	0	0	0	0	0	0
Impairments charged to operating expenses	0	0	0	0	0	0
Reversal of impairments charged to operating expenses	0	0	0	0	0	0
Charged during the year	0	71	0	0	0	71
In-year transfers to NHS bodies	0	0	0	0	0	0
At 31 March 2012	0	197	0	0	0	197
Net book value at 31 March 2012	0	198	0	0	0	198

13.3 Intangible non-current assets

The only intangible assets held by the SHA is software which has not been revalued due to the short licence lifetimes over which they are amortised.

The SHA has no internally generated software, it has no fully amortised intangible assets still in use and controls no significant intangible assets that are not recognised as not meeting the criteria of IAS 38.

All intangible assets were impaired to nil value in 2012/13.

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

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000
Property, Plant and Equipment impairments and reversals taken to SoCNE			
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	408		408
Changes in market price	0		0
Total charged to Annually Managed Expenditure	408		408
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve			
Loss or damage resulting from normal operations	0		
Over Specification of Assets	0		
Abandonment of assets in the course of construction	0		
Unforeseen obsolescence	0		
Loss as a result of catastrophe	0		
Other	13		
Changes in market price	0		
Total impairments for PPE charged to reserves	13		
Total Impairments of Property, Plant and Equipment	421	0	408
Intangible assets impairments and reversals charged to SoCNE			
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	123		123
Changes in market price	0		0
Total charged to Annually Managed Expenditure	123		123
Total Impairments of Intangibles	123	0	123
Total Impairments charged to Revaluation Reserve	13		
Total Impairments charged to SoCNE - DEL	0	0	0
Total Impairments charged to SoCNE - AME	531		531
Overall Total Impairments	544	0	531

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15 Investment property

The SHA had no investment properties in 2012/13.

16 Commitments

16.1 Capital commitments

The SHA had no commitments in 2012/13.

16.2 Other financial commitments

The SHA had no financial commitments in 2012/13.

17 Intra-Government and other balances

	Current receivables	Non-current receivables	Current payables	Non-current payables
	£000s	£000s	£000s	£000s
Balances with other Central Government Bodies	1,567	0	4,745	0
Balances with Local Authorities	89	0	3	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	339	0	7,082	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	145	0	4,742	0
At 31 March 2013	2,140	0	16,572	0
prior period:				
Balances with other Central Government Bodies	1,036	0	5,283	0
Balances with Local Authorities	271	0	50	0
Balances with NHS Trusts and Foundation Trusts	885	0	11,179	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	2,246	0	7,387	0
At 31 March 2012	4,438	0	23,899	0

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18 Inventories

The SHA had no inventories in 2012/13.

19.1 Trade and other receivables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
NHS Receivables - Revenue	1,370	1,392	0	0
NHS Receivables - Capital	0	0	0	0
NHS Prepayments and Accrued Income	0	169	0	0
Non NHS Trade Receivables - Revenue	54	518	0	0
Non NHS Trade Receivables - Capital	0	0	0	0
Non-NHS Prepayments and Accrued Income	180	1,998	0	0
Provision for Impairments of Receivables	0	0	0	0
VAT	536	360	0	0
Interest receivables	0	0	0	0
Finance lease receivables	0	0	0	0
Operating lease receivables	0	0	0	0
Other receivables	0	1	0	0
Total	2,140	4,438	0	0
Total current and non current	2,140	4,438		

19.2 Receivables past their due date but not impaired

	31 March 2013 £000	31 March 2012 £000
By up to three months	518	146
By three to six months	6	157
By more than six months	0	133
Total	524	436

19.3 Provision for impairment of receivables

The SHA had no receivables requiring provision for impairment in 2012/13.

20 Other financial assets

The SHA had no other financial assets in 2012/13.

21 Other current assets

The SHA had no other current assets in 2012/13.

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22 Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Opening balance	2	2
Net change in year	1,077	0
Closing balance	1,079	2
Made up of		
Cash with Government Banking Service	1,079	2
Commercial banks	0	0
Cash in hand	0	0
Current investments	0	0
Cash and cash equivalents as in statement of financial position	1,079	2
Bank overdraft - Government Banking Service	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in statement of cash flows	1,079	2
Patients' money held by the SHA, not included above	0	0

23 Non-current assets held for sale

The SHA had no non-current assets held for sale in 2012/13.

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24 Trade and other payables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Interest Payable	0	0		
NHS Payables - Revenue	10,686	15,731	0	0
NHS Payables - Capital	0	0	0	0
NHS Accruals and Deferred Income	0	0	0	0
Non-NHS Trade Payables - Revenue	976	1,619	0	0
Non-NHS Trade Payables - Capital	0	0	0	0
Non-NHS Accruals and Deferred Income	3,737	5,831	0	0
Social Security Costs	175	199		
VAT	0	0	0	0
Tax	966	519		
Payments received on account	0	0	0	0
Other	32	0	0	0
Total	16,572	23,899	0	0
Total payables (current and non-current)	16,572	23,899		

25 Other liabilities

The SHA had no other liabilities in 2012/13.

26 Borrowings

The SHA had no borrowings in 2012/13.

27 Other financial liabilities

The SHA had no other financial liabilities in 2012/13.

28 Deferred income.

The SHA had no deferred income in 2012/13.

29 Finance lease obligations.

The SHA had no finance lease obligations in 2012/13.

30 Finance lease receivables as lessor.

The SHA had no finance lease receivables as lessor in 2012/13.

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31 Provisions

	Comprising:									
	Total £000s	Pensions to Former Directors £000s	Pensions Relating to Other Staff £000s	Legal Claims £000s	Restructuring £000s	Continuing Care £000s	Equal Pay £000s	Agenda for Change £000s	Other £000s	Redundancy £000s
Balance at 1 April 2012	448	0	0	448	0	0	0	0	0	0
Arising During the Year	2,603	0	0	455	453	0	0	1,500	195	0
Utilised During the Year	0	0	0	0	0	0	0	0	0	0
Reversed Unused	0	0	0	0	0	0	0	0	0	0
Unwinding of Discount	0	0	0	0	0	0	0	0	0	0
Change in Discount Rate	0	0	0	0	0	0	0	0	0	0
Transferred (to)/from other public sector bodies	0	0	0	0	0	0	0	0	0	0
Balance at 31 March 2013	3,051	0	0	903	453	0	0	1,500	195	0
Expected Timing of Cash Flows:										
No Later than One Year	3,051	0	0	903	453	0	0	1,500	195	0
Later than One Year and not later than Five Years	0	0	0	0	0	0	0	0	0	0
Later than Five Years	0	0	0	0	0	0	0	0	0	0

Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities (£000):

As at 31 March 2013	103,804
As at 31 March 2012	100,677

Legal claims are of uncertain timing but are generally resolved within one year.

Restructuring provisions relate to the cost of closing the SHA and transferring balances to newly formed organisations. It is expected that the costs relating to these provisions will crystallise before July 2013. Other provisions relate to the payment of salary for staff retained to support the closure of the SHA under special transition arrangements until June 2013.

Redundancy provisions relate to staff retained under special transition arrangements which will become payable at the end of the transition period in June 2013.

32 Contingencies

The SHA had no contingencies at 31 March 2013.

33 Impact of IFRS treatment 2012-13

There was no impact of IFRS treatments current year for the SHA in 2012/13.

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34 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 SHA 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 SHA's expected purchase and usage requirements and the SHA is therefore exposed to little credit, liquidity or market risk.

Currency risk

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

Interest rate risk

SHAs are not permitted to borrow. The SHA therefore has low exposure to interest-rate fluctuations.

Credit Risk

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

Liquidity Risk

The SHA 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 SHA is not, therefore, exposed to significant liquidity risks.

34.1 Financial Assets

	At 'fair value through profit and loss' £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0			0
Receivables - NHS		1,384		1,384
Receivables - non-NHS		40		40
Cash at bank and in hand		1,079		1,079
Other financial assets	0	0	0	0
Total at 31 March 2013	0	2,503	0	2,503
Embedded derivatives	0			0
Receivables - NHS		1,561		1,561
Receivables - non-NHS		518		518
Cash at bank and in hand		2		2
Other financial assets	0	1	0	1
Total at 31 March 2012	0	2,082	0	2,082

34.2 Financial Liabilities

	At 'fair value through profit and loss' £000	Other £000	Total £000
Embedded derivatives	0		0
NHS payables		10,686	10,686
Non-NHS payables		4,713	4,713
Other borrowings		0	0
PFI & finance lease obligations		0	0
Other financial liabilities	0	32	32
Total at 31 March 2013	0	15,431	15,431
Embedded derivatives	0		0
NHS payables		15,731	15,731
Non-NHS payables		7,450	7,450
Other borrowings		0	0
PFI & finance lease obligations		0	0
Other financial liabilities	0	0	0
Total at 31 March 2012	0	23,181	23,181

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35 Related party transactions

During the year none of the SHA Board Members, or parties related to them, have undertaken any material transactions with East of England SHA. However, the following information has been declared:

Deryk Mead (Non-Executive Director) is married to a Non-Executive Director of Herefordshire PCT.

Ruth May (Nurse Director) is married to the Chief Executive of Ipswich Hospital NHS Trust

James Quinn (Interim Medical Director) was on secondment from East & North Hertfordshire NHS Trust.

Revenue and Expenditure with these organisations is listed below.

Stephen Welfare (Director of Workforce) is married to the Nursing Director of Anglia Cancer Network.

A full list of director's interests was confirmed by the SHA Board in March 2013 and has been made publicly available.

The Department of Health is regarded as a related party. During the year, East of England SHA has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are:

	Payments to Related Parties		Receipts from Related Parties	
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
London Strategic Health Authority	2,059	2,243	1,173	1,270
Bedfordshire PCT	4,623	4,192	156	212
Cambridgeshire PCT	5,774	5,131	112	213
Great Yarmouth And Waveney PCT	2,065	2,331	9	56
Hertfordshire PCT	7,834	8,217	65	85
Norfolk PCT	5,124	4,989	80	22
North East Essex PCT	9,180	8,362	14	21
Suffolk PCT	6,067	6,447	79	227
Basildon And Thurrock Univ Hosp NHS Foundation Trust	6,301	6,300	6	2
Cambridge Univ Hosp NHS Foundation Trust	46,516	48,730	16	470
Cambridgeshire And Peterborough NHS Foundation Trust	8,227	9,405	3	160
Colchester Hospital University NHS Foundation Trust	6,116	6,190	5	2
Gloucestershire Hospitals NHS Foundation Trust	2,479	1,638		
Hertfordshire Partnership NHS Foundation Trust	2,824	2,452	17	2
James Paget University Hospitals NHS Foundation Trust	6,179	6,460	4	2
Luton And Dunstable Hospital NHS Foundation Trust	6,834	6,940	11	89
Norfolk And Norwich University Hospitals NHS Foundation Trust	22,131	22,344	4	6
Norfolk And Suffolk NHS Foundation Trust	4,144	3,836	2	5
North Essex Partnership NHS Foundation Trust	2,918	2,704	4	27
Papworth Hospital NHS Foundation Trust	5,034	4,411	3	2
Peterborough & Stamford Hospitals NHS Foundation Trust	6,168	6,250	5	2
Queen Elizabeth Hospital Kings Lynn NHS Foundation Trust	5,646	5,587	4	9
Royal Devon And Exeter NHS Foundation Trust	1,397	1,590		
Royal Free London NHS Foundation Trust	9,111			
South Essex Partnership NHS Foundation Trust	3,648	2,683	2	23
Southend University Hospitals NHS Foundation Trust	6,924	7,007	5	2
University Hospital Of South Manchester NHS Foundation Trust	-	4,696	81	
West Suffolk NHS Foundation Trust	6,438	6,703	232	258
Bedford Hospital NHS Trust	5,741	5,101	72	5
Cambridgeshire Community Services NHS Trust	1,694	1,046	17	66
East And North Hertfordshire NHS Trust	16,069	14,326	3	5
East Of England Ambulance Service NHS Trust	1,358	825	2	172
Hertfordshire Community NHS Trust	1,317	777	3	2
Hinchingbrooke Healthcare NHS Trust	2,998	3,050	21	5
Imperial College Healthcare NHS Trust	282	1,701	0	50
Ipswich Hospital NHS Trust	8,399	8,483	5	2
Mid Essex Hospital Services NHS Trust	27,234	15,962	6	21
NHS Direct NHS Trust	120,000	120,310	0	0
Norfolk Community Health and Care NHS Trust	1,219	980	4	3
Princess Alexandra Hospital NHS Trust	4,874	4,868	16	211
Royal Free Hampstead NHS Trust		5,600	0	0
West Hertfordshire Hospitals NHS Trust	8,465	8,608	4	2
NHS Pension Scheme	3,404	3,025	0	0
NHS Business Services Authority	41,425	44,933	45	0
HM Revenue & Customs	3,724	3,327	0	360
National Insurance Fund	2,275	2,438	0	0

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35 Related party transactions (continued)

	Amounts Owed to Related Parties		Amounts due from Related Parties	
	2012-13 £000	2011/12 £000	2012-13 £000	2011/12
London Strategic Health Authority		31		
Bedfordshire PCT	592	293	74	40
Cambridgeshire PCT	147	110	25	2
Great Yarmouth And Waveney PCT	151	116		
Hertfordshire PCT	12	1,253		
Norfolk PCT	44		57	
North East Essex PCT	750	698		2
Suffolk PCT	536	89		44
Basildon And Thurrock Univ Hosp NHS Foundation Trust	67	145		
Cambridge Univ Hosp NHS Foundation Trust	458	618		
Cambridgeshire And Peterborough NHS Foundation Trust	1,915	1,552		1
Colchester Hospital University NHS Foundation Trust		71		
Gloucestershire Hospitals NHS Foundation Trust				
Hertfordshire Partnership NHS Foundation Trust	113			
James Paget University Hospitals NHS Foundation Trust	13	54		
Luton And Dunstable Hospital NHS Foundation Trust	15	158	2	10
Norfolk And Norwich University Hospitals NHS Foundation Trust	95	444		
Norfolk And Suffolk NHS Foundation Trust	424	63		1
North Essex Partnership NHS Foundation Trust	269	136	1	1
Papworth Hospital NHS Foundation Trust	592	140		0
Peterborough & Stamford Hospitals NHS Foundation Trust	22	8		0
Queen Elizabeth Hospital Kings Lynn NHS Foundation Trust	3	4		0
Royal Devon And Exeter NHS Foundation Trust				
Royal Free London NHS Foundation Trust				
South Essex Partnership NHS Foundation Trust	321	193	1	21
Southend University Hospitals NHS Foundation Trust	11	141	3	0
University Hospital Of South Manchester NHS Foundation Trust		1	22	0
West Suffolk NHS Foundation Trust	36		57	22
Bedford Hospital NHS Trust	634	29		3
Cambridgeshire Community Services NHS Trust	54			13
East And North Hertfordshire NHS Trust	131	32		
East Of England Ambulance Service NHS Trust	233	67		169
Hertfordshire Community NHS Trust	24	90		
Hinchingbrooke Healthcare NHS Trust	24	53	17	
Imperial College Healthcare NHS Trust	28	1		
Ipswich Hospital NHS Trust	15	178		1
Mid Essex Hospital Services NHS Trust	19	6,136		0
NHS Direct NHS Trust	649			577
Norfolk Community Health and Care NHS Trust		5	206	
Princess Alexandra Hospital NHS Trust	75	98		36
Royal Free Hampstead NHS Trust				
West Hertfordshire Hospitals NHS Trust		78	4	
NHS Pension Scheme	537	244		
NHS Business Services Authority		330		
HM Revenue & Customs	966	274	536	360
National Insurance Fund	175	199		

36 Losses and special payments

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

	Total Value of Cases £s	Total Number of Cases
Losses	2,239	5
Special payments	2748486	30
Total losses and special payments	2,750,725	35

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

	Total Value of Cases £s	Total Number of Cases
Losses	82	1
Special payments	6,350	2
Total losses and special payments	6,432	3

There were no individual cases where the value exceeded £250,000 in 2011/12 or 2012/13.

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37 Third party assets

The SHA held no third party assets in 2012/13.

38. East of England SHA pooled budget

The SHA had no pooled budget arrangement in 2012/13.

39 Cashflows relating to exceptional items

The SHA has no cash flows relating to exceptional items in 2012/13.

40 Events after the end of the reporting period

The main functions carried out by East of England SHA in 2012-13 are to be carried out in 2013-14 by the following public sector bodies:

Health Education England (East of England)
Public Health England
NHS England
Trust Development Agency
NHS Property Services
Department of Health

Subject to any final changes required by the Department of Health, the assets and liabilities of the SHA will be transferred to successor bodies as indicated in the table below. This indicative transfer follows the policies and principles laid out in the Transfer of Claims, Liabilities and related Financial Assets Guidance issued by the Department of Health. A copy of this guidance is available by following this link www.info.doh.gov.uk/doh/finman.nsf - the document is in the Handover and Closedown section of the Finance Manual.

The ultimate destination of the assets and liabilities shown below will be confirmed following the final review of transfer orders by the Department of Health.

Events after the end of the reporting period. The assets and liabilities of the SHA were transferred to successor bodies on 1 April 2013 as follows:

	Total £000	Department of Health £000	Commissioning Board £000	Special Health Authorities, NDPBs & Other (Skipton Fund) £000	NHS Property Services £000
Non-current assets:					
Property, plant and equipment	1,733	0	0	0	1,733
Total non-current assets	1,733	0	0	0	1,733
Current assets:					
Trade and other receivables	2,140	0	1,463	497	180
Cash and cash equivalents	1,079	0	1,079	0	0
Sub Total current assets	3,219	0	2,542	497	180
Total current assets	3,219	0	2,542	497	180
Total assets	4,952	0	2,542	497	1,913
Current liabilities					
Trade and other payables	(16,572)	(550)	(8,303)	(7,719)	0
Provisions	(3,051)	(2,597)	(454)	0	0
Total current liabilities	(19,623)	(3,147)	(8,757)	(7,719)	0
Non-current assets plus/less net current assets/liabilities	(14,671)	(3,147)	(6,215)	(7,222)	1,913
Total Assets Employed:	(14,671)	(3,147)	(6,215)	(7,222)	1,913
Financed by taxpayers' equity:					
General fund	(14,671)	(3,147)	(6,215)	(7,222)	1,913
Total taxpayers' equity:	(14,671)	(3,147)	(6,215)	(7,222)	1,913



Department
of Health



West Midlands Strategic Health Authority

2012-13 Accounts

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West Midlands Strategic Health Authority

2012-13 Accounts

WEST MIDLANDS STRATEGIC HEALTH AUTHORITY

ANNUAL ACCOUNTS

FOR PERIOD 1 APRIL 2012 TO 31 MARCH 2013

**STATEMENT OF THE RESPONSIBILITIES OF THE SIGNING OFFICER
OF THE STRATEGIC HEALTH AUTHORITY 2012-13 ACCOUNTS**

The Department of Health's Accounting Officer has designated the role of Signing Officer for the final accounts of **West Midlands Strategic Health Authority** 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 Strategic Health Authority;
- the expenditure and income of the ~~primary care~~ ^{STRATEGIC HEALTH AUTHORITY} 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 Accountable Officer until 31 March 2013, I am assured that the responsibilities have been properly discharged.

Signed.....

Date.....03.06.10.....

**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 **West Midlands Strategic Health Authority (SHA)** 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 SHA:

- 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 SHA;
- took reasonable steps for the prevention and detection of fraud and other irregularities;
- achieved value for money from the resources available to the SHA;
- 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: **JANET PERRY**

Signed:



Date: **03.06.13**

WEST MIDLANDS STRATEGIC HEALTH AUTHORITY

GOVERNANCE STATEMENT 2012/13

1. Scope of Responsibility

The NHS Midlands and East Strategic Health Authority (SHA) Cluster Board which comprises the East Midland SHA, East of England SHA and West Midlands SHA is accountable for internal control.

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

The Annual Governance Statement for 2012/13 has been prepared against a backdrop of the most significant transformation for the NHS, signalled by the publication in July 2010 of the NHS White Paper, *Equity and Excellence: Liberating the NHS* and includes the creation of a new provider, commissioner and public health system for health care. These changes have been effected through the Health and Social Care Act 2012 which received Royal Assent on the 27 March 2012.

As Chief Executive, I have overall responsibility and accountability for risk management, and was informed on such issues by the Audit and Risk Committee which reports directly to the SHA Cluster Board. In addition, I received reports on clinical risk and governance issues at SHA Cluster Board meetings.

2. The Governance Framework of the Organisation

The East Midlands SHA, East of England SHA and West Midlands SHA became part of the NHS Midlands and East SHA Cluster in October 2011. From this point onwards, a single set of governance arrangements across the Cluster were established and these have remained in place throughout 2012/13.

Throughout 2012/13, a single Audit Committee and Remuneration & Terms of Service Committee have operated across the SHA Cluster. In addition, a Quality & Patient Safety Committee, a Provider Development Committee and separate Local Education and Training Development Board Committees for the East Midlands SHA, the West Midlands SHA and the East of England SHA have operated throughout 2012/13.

The SHA Cluster Board is committed to ensuring its effectiveness specifically in the context of the national priorities set out in the NHS Operating Framework 2012/13. At each meeting of the SHA Cluster Board held during 2012/13, members reviewed conduct and operation of the SHA Cluster Board meeting with a view to ensuring continual improvement and implementation of best practice.

During 2012/13, the SHA Cluster Board met publicly on six occasions on a rotating basis between the SHA offices in Nottingham, Cambridge and Birmingham forming the SHA Cluster, with video conferencing in place to transmit the meetings between the SHA Cluster offices. During this period, the SHA Cluster Board also met on six occasions for informal development sessions.

Regular reporting items to the SHA Cluster Board during 2012/13 included consideration of an integrated performance report and integrated finance report for the whole of the SHA Cluster. Other key issues included focus on delivering the SHA Cluster Ambitions, progress in maintaining transition, clinical quality and patient safety with updates in relation to the SHA Clusters strategic objectives and corporate business plan. The SHA Cluster Board also received reports on the activities of its Committees on a regular basis during 2012/13.

Specifically, reports routinely presented to the SHA Cluster Board from the Audit and Risk Committee during 2012/13 have included external audit progress reports, internal audit and counter fraud reports, consideration of the Corporate Risk Register and Board Assurance Framework and business issues including reports on hospitality and waivers of tendering procedures.

Reports from the Provider Development Committee considered issues in relation to the provider management regime, the Foundation Trust pipeline and Community Service preparation.

Reporting from the Quality and Patient Safety Committee focused on the proposed consequence for the management of Never Events across Midlands and the East, progress on the alignment of Independent Investigations and Standardised Hospital Mortality Indicators.

The SHA Cluster Board is committed to ensuring compliance with all aspects of corporate governance, specifically assuring an approach of openness and transparency and ensuring compliance with the Corporate Governance Code. This is particularly maintained through the Code of Conduct and Accountability, Register of Directors' Interests, the Register of Gifts and Hospitality, the Whistleblowing Policy and the Complaints Policy.

3. The Purpose of the System of Internal Control

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

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

The system of internal control has been in place within SHA Cluster for the year ended 31 March 2013.

4. Risk Assessment

The SHA Cluster Board provided leadership to ensure that risk management was embedded within the East Midland SHA, East of England SHA and West Midlands SHA and this incorporated the development of an annual Business Plan, which identified the key objectives, and related risks. Throughout the year the Audit and Risk Committee, chaired by a non-executive director, has taken a lead in overseeing a Risk Management Strategy, Risk Management Policy and Risk Register. In addition, counter-fraud awareness has been made available to all staff.

Operational control of risk management was co-ordinated by the Corporate Affairs Manager and the Internal Auditors have provided support and guidance. Staff across the SHA Cluster are appraised of the key issues involved in managing risk through awareness raising sessions.

5. The Risk and Control Framework

The Risk Management Strategy of the SHA Cluster has a number of key elements as follows:

- Definition of risk
- Responsibility for risk within the SHA Cluster
- Risk management structure

- Linking clinical, organisational and financial controls
- Principles of the SHA Cluster approach to risk management
- Implementation of Risk Management Strategy with particular reference to risk identification, risk analysis, risk treatment and risk management evaluation

Integral to implementation of the Risk Management Strategy is working with partner organisations within the SHA Cluster. Engagement with stakeholders is carried out predominantly through the constituent PCT Clusters and Trusts within the SHA Cluster.

At its meetings during 2012/13, the Audit and Risk Committee reviewed the risk register and considered in detail particular risks that have arisen or which face the SHA Cluster, especially those focused around NHS transition.

A Board Assurance Framework for the SHA Cluster has been developed and embodies the following elements:

- Overarching corporate objectives in the context of transition
- Identification of key risks to achieving overarching objectives
- Evaluation of the controls in place to manage risk, and identification of any gaps
- Evaluation of the sources of assurance on controls available to the Board, and identification of any gaps

The Board Assurance Framework is regularly reviewed and updated at Executive Team, Audit and Risk Committee and SHA Cluster Board level to reflect changes in achievement of objectives and the risks affecting them.

In 2012/13, the SHA Cluster had no serious untoward incidents involving internal data loss. In the event of such a data loss incident, the SHA Cluster has a robust, co-ordinated approach to handling them and meeting all the national requirements, including publishing data loss incidents on our website.

Control measures are in place to ensure that all our obligations under equality and diversity legislation are complied with.

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

The SHA Cluster has undertaken considerable action to fulfill its potential as a leading sustainable and low carbon organisation. Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act 2008 and the Adaption Reporting requirements are complied with.

6. Completion of Operational Handover

The NHS Midlands and East SHA Cluster held a handover session to which all receivers were invited on the 4th March 2013 and which provided the key platform for discussing both the Operational Handover document and Quality Handover Document. The main focus for the meeting was (i) senders providing an overview of key issues to receivers (ii) senders and receivers consensus on follow up actions and (iii) consensus between receivers regarding responsibilities beyond April 2013.

The meeting supplemented director level meetings, ensuring that key risks relating to operational and quality issues that were relevant to the functions of organisations at sub regional level were handed over to the appropriate responsible officers. The outcomes of these meetings were clearly logged and will be held in the Midlands and East legacy Hub providing a single reference point.

The operational handover document was formally presented to the NHS Midlands and East SHA Cluster Board on the 25th March 2013.

7. Governance Framework for Accounts Scrutiny

In order to maintain rigour in the essential scrutiny and governance function provided by Audit Committees following the cessation of the Strategic health Authorities on 31st March 2013, the Department of Health has facilitated the establishment of Audit Committees to support the final accounts process. The approach is designed to draw on the expertise of current Audit Committee Members to form sub committees of the Departments own Audit and Risk Committee. This arrangement will provide a mechanism with the appropriate status to discharge this function.

The NHS Midlands and East SHA Cluster has taken action locally to secure SHA audit committee members for this role. Arrangements have been made for the meeting of the NHS Midlands and East Audit Sub-Committee of the Department of Health Audit and

Risk Committee to be held on the 3rd June 2013, at which a senior representative from the Department of Health will be in attendance.

8. Review of 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 control reviews as part of the internal audit work, and on the overall arrangements for gaining assurance through the Board Assurance Framework. I have received assurance from internal audit work on the Board Assurance Framework. Executive Directors (most notably the Director of Finance and Director of Corporate Affairs) within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance.

The Board 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 Internal Audit and External Audit. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the SHA Cluster Board and the Audit and Risk Committee as outlined in Section 1.

The Head of Internal Audit has concluded that a Board Assurance Framework has been established which is designed and operating to meet the requirements of the governance statement for the period from 1 April 2012 to 31 March 2013 and provides significant assurance that there was an effective system of internal control to manage the principal risks identified by the SHA Cluster. In terms of reliance placed upon third party assurances I note that Internal Audit has used information provided by NHS Shared Business Systems to form its opinion, giving rise to classification as significant assurance.

9. Significant Issues

My review confirms that East Midland SHA, East of England SHA and West Midlands SHA has a generally sound system of internal control that supports the achievement of its policies, aims and objectives.



fp Sir Neil McKay CB
Chief Executive
NHS Midlands and East Strategic Health Authority

signing officer Janet
03.06.13

INDEPENDENT AUDITOR'S REPORT TO THE DEPARTMENT OF HEALTH'S ACCOUNTING OFFICER IN RESPECT OF WEST MIDLANDS SHA

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

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

- the table of salaries and allowances of senior managers specifically identified as relating to West Midlands SHA [and related narrative notes] on pages 20 to 25;
- the table of pension benefits of senior managers [and related narrative notes] on page 26 to 27; and
- the pay multiples information specifically identified as relating to West Midlands SHA [and related narrative notes] on page 28.

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

Respective responsibilities of the signing officer and auditor

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

Scope of the audit of the financial statements

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

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

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

Opinion on regularity

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters

In our opinion:

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

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

Other matters on which we are required to conclude

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy,

efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

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

- our review of the annual governance statement
- review of progress made by the Authority in addressing issues raised in our 2011/12 review of transition planning arrangements; and
- review of progress in delivering the Authority's Transition Programme based on reporting to the Cluster Board.

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 West Midlands SHA in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.



Mark Stocks
Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP
Colmore Plaza
20 Colmore Circus
Birmingham
B4 6AT

7 June 2013

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

	NOTE	2012-13 £000	2011-12 £000
Administration Costs and Programme Expenditure			
Gross employee benefits	7.1	23,484	22,305
Other costs	5.1	499,141	508,272
Income	4	(2,313)	(4,180)
Net operating costs before interest		520,312	526,397
Investment income	9	0	0
Other (Gains)/Losses	10	0	0
Finance costs	11	22	7
Net operating costs for the financial year		520,334	526,404
Transfers by absorption -(gains)		0	0
Transfers by absorption - losses		0	0
Net (gain)/loss on transfers by absorption		0	0
Net operating costs and transfer gains/losses for the financial year		520,334	526,404
Of which:			
Administration Costs			
Gross employee benefits	7.1	18,857	20,098
Other costs	5.1	14,362	15,169
Income	4	(1,574)	(3,162)
Net administration costs before interest		31,645	32,105
Investment income	9	0	0
Other (Gains)/Losses	10	0	0
Finance costs	11	0	7
Net administration costs for the financial year		31,645	32,112
Programme Expenditure			
Gross employee benefits	7.1	4,627	2,207
Other costs	5.1	484,779	493,103
Income	4	(739)	(1,018)
Net programme expenditure before interest		488,667	494,292
Investment income	9	0	0
Other (Gains)/Losses	10	0	0
Finance costs	11	22	0
Net programme expenditure for the financial year		488,689	494,292
Other Comprehensive Net Expenditure			
		2012-13 £000	2011-12 £000
Impairments and reversals		0	0
Net (gain) on revaluation of property, plant & equipment		0	0
Net (gain) on revaluation of intangibles		0	0
Net (gain) on revaluation of financial assets		0	0
Movement in other reserves		0	0
Net (gain)/loss on available for sale financial assets		0	0
Net Gain / (loss) on Assets Held for Sale		0	0
Release of Reserves to Statement of Comprehensive Net Expenditure		0	0
Net actuarial (gain)/loss on pension schemes		0	0
Reclassification Adjustments			
On Disposal of Available for Sale Financial Assets		0	0
Total comprehensive net expenditure for the year*		520,334	526,404

*This is the sum of the rows above plus net operating costs for the financial year after absorption accounting adjustments.
Notes 1 to 40 form part of this account.

Statement of financial position at 31 March 2013

		31 March 2013	31 March 2012
	NOTE	£000	£000
Non-current assets:			
Property, plant and equipment	12	0	0
Intangible assets	13	0	0
Investment property	15	0	0
Other financial assets	21	0	0
Trade and other receivables	19	0	0
Total non-current assets		0	0
Current assets:			
Inventories	18	0	0
Trade and other receivables	19	1,724	2,232
Other financial assets	20	0	0
Other current assets	21	0	0
Cash and cash equivalents	22	10	26
Sub Total current assets		1,734	2,258
Non-current assets held for sale	23	0	0
Total current assets		1,734	2,258
Total assets		1,734	2,258
Current liabilities			
Trade and other payables	24	(9,244)	(11,997)
Other liabilities	25	0	0
Provisions	31	(1,036)	(2,672)
Borrowings	26	0	0
Other financial liabilities	27	0	0
Total current liabilities		(10,280)	(14,669)
Non-current assets plus/less net current assets/liabilities		(8,546)	(12,411)
Non-current liabilities			
Trade and other payables	24	0	0
Other Liabilities	25	0	0
Provisions	31	(4,598)	(4,049)
Borrowings	26	0	0
Other financial liabilities	27	0	0
Total non-current liabilities		(4,598)	(4,049)
Total Assets Employed:		(13,144)	(16,460)
Financed by taxpayers' equity:			
General fund		(13,144)	(16,460)
Revaluation reserve		0	0
Other reserves		0	0
Total taxpayers' equity:		(13,144)	(16,460)

Notes 1 to 39 form part of this account.

The financial statements on pages 3 to 6 were approved by the Audit sub-committee of the Department of Health Audit and Risk Committee on 3rd June 2013 and signed on its behalf by

Signing Officer:

Date: 03.06.10

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
For the year ended 31 March 2013

	General fund £000	Revaluation reserve £000	Other reserves £000	Total reserves £000
Balance at 1 April 2012	(16,460)	0	0	(16,460)
Changes in taxpayers' equity for 2012-13				
Net operating cost plus (gain)/loss on transfers by absorption	(520,334)	0	0	(520,334)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment	0	0	0	0
Net Gain / (loss) on Revaluation of Intangible Assets	0	0	0	0
Net Gain / (loss) on Revaluation of Financial Assets	0	0	0	0
Net Gain / (loss) on Assets Held for Sale	0	0	0	0
Impairments and reversals	0	0	0	0
Movements in other reserves	0	0	0	0
Transfers between reserves	0	0	0	0
Release of Reserves to SOCNE	0	0	0	0
Transfers between Revaluation Reserve & General Fund in respect of assets transferred under absorption	0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets	0	0	0	0
Net actuarial gain/(loss) on pensions	0	0	0	0
Total recognised income and expense for 2012-13	(520,334)	0	0	(520,334)
Net Parliamentary funding	523,650	0	0	523,650
Balance at 31 March 2013	(13,144)	0	0	(13,144)
Changes in taxpayers' equity for 2011-12				
Balance at 1 April 2011	(12,821)	0	0	(12,821)
Adjustment for accounting policy changes (donations and grants)	0	0	0	0
Other adjustments	0	0	0	0
Restated balance at 1 April 2011	(12,821)	0	0	(12,821)
Net operating cost for the year	(526,404)	0	0	(526,404)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment	0	0	0	0
Net Gain / (loss) on Revaluation of Intangible Assets	0	0	0	0
Net Gain / (loss) on Revaluation of Financial Assets	0	0	0	0
Net Gain / (loss) on Assets Held for Sale	0	0	0	0
Impairments and reversals	0	0	0	0
Movements in other reserves	0	0	0	0
Transfers between reserves	0	0	0	0
Release of Reserves to SOCNE	0	0	0	0
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets	0	0	0	0
Reserves Eliminated on Dissolution	0	0	0	0
Net actuarial gain/(loss) on pensions	0	0	0	0
Total recognised income and expense for 2011-12	(526,404)	0	0	(526,404)
Net Parliamentary funding	522,765	0	0	522,765
Balance at 31 March 2012	(16,460)	0	0	(16,460)

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

	NOTE	2012-13 £000	2011-12 £000
Cash Flows from Operating Activities			
Net Operating Cost Before Interest		(520,312)	(526,397)
Depreciation and Amortisation		0	0
Impairments and Reversals		0	0
Other Gains / (Losses) on foreign exchange		0	0
Interest Paid		0	0
(Increase)/Decrease in Inventories		0	0
(Increase)/Decrease in Trade and Other Receivables		508	1,059
(Increase)/Decrease in Other Current Assets		0	0
Increase/(Decrease) in Trade and Other Payables		(2,753)	(368)
(Increase)/Decrease in Other Current Liabilities		0	0
Provisions Utilised		(493)	(1,114)
Increase/(Decrease) in Provisions		(616)	4,021
Net Cash Inflow/(Outflow) from Operating Activities		(523,666)	(522,799)
Cash flows from investing activities			
Interest Received		0	0
(Payments) for Property, Plant and Equipment		0	0
(Payments) for Intangible Assets		0	0
(Payments) for Other Financial Assets		0	0
Proceeds of disposal of assets held for sale (PPE)		0	0
Proceeds of disposal of assets held for sale (Intangible)		0	0
Proceeds from Disposal of Other Financial Assets		0	0
Rental Revenue		0	0
Net Cash Inflow/(Outflow) from Investing Activities		0	0
Net cash inflow/(outflow) before financing		(523,666)	(522,799)
Cash flows from financing activities			
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		0	0
Net Parliamentary Funding		523,650	522,765
Capital Receipts Surrendered		0	0
Capital grants and other capital receipts		0	0
Cash Transferred (to)/from Other NHS Bodies		0	0
Net Cash Inflow/(Outflow) from Financing Activities		523,650	522,765
Net increase/(decrease) in cash and cash equivalents		(16)	(34)
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		26	60
Opening Balance Adjustment		0	0
Restated Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		26	60
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies		0	0
Cash and Cash Equivalents (and Bank Overdraft) at year end		10	26

1. Accounting policies

The Secretary of State for Health has directed that the financial statements of SHAs shall meet the accounting requirements of the SHA Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2012-13 SHAs 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 SHA 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 SHA for the purpose of giving a true and fair view has been selected. The particular policies adopted by the SHA are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

The SHA 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 SHA exercises in-year budgetary control over the other entity.

1.1 Accounting Conventions

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

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

Critical judgements in applying accounting policies

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

Critical judgement has been applied to the amounts reported as Legal and Other provisions.

The legal provisions amount was notified by West Midlands SHAs legal advisors and is based on the likely settlement value of the individual cases.

There is a provision for Fluoridation recorded against the Other provisions category which is based on the notification of a number of contract variations by the water company involved.

The redundancy provision relates to exit costs of staff retained to close the SHA business and have been provided by payroll calculations and estimates of pension costs received from NHS Pensions.

There are no other areas of significant judgement in relation to these financial statements.

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

Going Concern

Under the provisions of The Health and Social Care Act 2012 (Commencement No 4 Transitional, Savings and Transitory Provisions) Order 2013, West Midlands SHA was dissolved on 1st April 2013. The SHAs functions, assets and liabilities transferred to other public sector entities as outlined in Note 39 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 (SOFP) has therefore been drawn up at 31 March 2013 on the same basis as in previous years, reporting balances on the same basis as would a continuing entity. In particular, there has been no general revaluation of assets and liabilities, and no disclosures have been made under IFRS 5 Non-current Assets Held for Sale and Discontinued Operation.

1. Accounting policies (continued)

1.2 Revenue and Funding

The main source of funding for the SHA's allocations (Parliamentary Funding) from the Department of Health within an approved cash limit, which is credited to the General Fund of the SHA. 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 SHA. It principally comprises fees and charges for services provided on a full cost basis to external customers, as well as public repayment work. It includes both income appropriated-in-aid of the Vote and income to the Consolidated Fund which HM Treasury has agreed should be treated as operating income.

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

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

1.3 Taxation

The SHA 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 on-frontline expenditure (administration expenditure). From 2011-12, SHAs therefore analyse and report revenue income and expenditure by "admin and programme". For SHAs, the Department has defined "admin and programme" in terms of running costs.

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

Expense incurred under NHS transition redundancy programmes is however classed as "programme" under Treasury budgetary control arrangements and so is recorded as such in the financial statements.

1. Accounting policies (continued)

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

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

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

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

Until 31 March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation and depreciation of historic cost. From 1 April 2008 indexation has ceased. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value. *[A different policy should be adopted and disclosed here where assets are not of sufficiently low value and/or do not have sufficiently short lives for DRC to be materially the same as fair value.]*

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

Subsequent expenditure

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

1. Accounting policies (continued)

1.6 Intangible Assets

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the SHA'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 SHA; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

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

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

Measurement

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

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

1.7 Depreciation, amortisation and impairments

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

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the SHA expects to obtain economic benefits or service potential from the asset. This is specific to the SHA 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

1. Accounting policies (continued)

1.8 Non-current assets held for sale

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

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

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

1.9 Inventories

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

1.10 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 shown net of bank overdrafts that are repayable on demand and that form an integral part of the SHA's cash management.

1.11 Losses and Special Payments

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

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

1.12 Clinical Negligence Costs

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

The NHSLA operates a risk pooling scheme under which the SHA pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The total value of clinical negligence provisions carried by the NHSLA on behalf of the SHA is disclosed at Note 31.

1. Accounting policies (continued)

1.13 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.

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 SHA commits itself to the retirement, regardless of the method of payment.

1.14 Research and Development

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

1.15 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.

1.16 Grant making

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

1.17 EU Emissions Trading Scheme

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

1. Accounting policies (continued)

1.18 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 SHA, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

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

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

1.19 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 SHA 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 SHA'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. This is a change in accounting policy from previous years where leased land was always treated as an operating lease.

The SHA as lessor

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

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

1.20 Foreign exchange

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

1.21 Provisions

Provisions are recognised when the SHA has a present legal or constructive obligation as a result of a past event, it is probable that the SHA 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 required discount rate. Public Expenditure System (PES) papers detailing these rates can be found at:

www.dfpni.gov.uk/index/finance/afmd/afmd-finance/afmd-financial_reporting

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

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

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

1. Accounting policies (continued)

1.22 Financial Instruments

Financial assets

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

Financial assets are initially recognised at fair value.

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

Financial assets at fair value through profit and loss

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

Held to maturity investments

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

Available for sale financial assets

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

Loans and receivables

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

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques.

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

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

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

1. Accounting policies (continued)

Financial liabilities

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

Financial liabilities are initially recognised at fair value.

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

Financial liabilities at fair value through profit and loss

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

Other financial liabilities

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

1. Accounting policies (continued)

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

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

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

2 Operating segments

The SHAs management reporting is split into three elements of its operations. These are:

- * SHA Activities (including central budgets)
- * Workforce Deanery
- * Programme funding (National Quality Board)

The majority of SHA funding - across all of the segments - is via Revenue Resource Limit funding as notified by the Department of Income received from customers and organisations external to the SHA for each segment is as follows:

- * SHA Activities £1.2m - this relates to Staff recharges and funding for the national revalidation project
- * Programme £92k - this relates to staff recharges
- * Workforce Deanery £1m - this relates to staff recharges and other workforce project funds

Key segmented information is shown below:

	SHA Activities		Programmes		Workforce Deanery		Total	
	2012-13 £000	2011-12 £000	2012-13 £000	2011-12 £000	2012-13 £000	2011-12 £000	2012-13 £000	2011-12 £000
Expenditure	27,865	27,051	1,320	4,317	493,462	499,218	522,647	530,585
Operating income	(1,191)	(1,730)	(92)	(879)	(1,030)	(1,572)	(2,313)	(4,181)
Net Operating Costs	26,674	25,321	1,228	3,438	492,432	497,646	520,334	526,404
Revenue Resource Limit	26,277	55,015	1,750	4,284	499,290	504,639	527,317	563,938
Surplus/(Deficit)								
Segment surplus/(deficit)	(397)	29,694	522	846	6,858	6,993	6,983	37,534
Common costs	0	0	0	0	0	0	0	0
Surplus/(deficit) before interest	(397)	29,694	522	846	6,858	6,993	6,983	37,534
Net Assets:								
Segment net assets	(9,460)	(6,815)	85	(34)	(3,769)	(9,611)	(13,144)	(16,460)

3. Financial Performance Targets

3.1 Revenue Resource Limit

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

	2012-13 £000	2011-12 £000
Total Net Operating Cost for the Financial Year		526,404
Net operating costs plus (gain)/loss on transfers by absorption	520,334	
Adjust outturn for "local" PPAs	0	
Revenue Resource Limit	527,317	563,938
Under/(Over)spend Against Revenue Resource Limit (RRL)	6,983	37,534

3.2 Capital Resource Limit

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

	2012-13 £000	2011-12 £000
Total Gross Capital Expenditure	0	0
less: Net Book Value of Non-Current Assets Disposed of to NHS Bodies	0	0
less: Net Book Value of Non-Current Assets Disposed of to non-NHS Bodies	0	0
less: Capital Grants Received	0	0
Charge Against the Capital Resource Limit (CRL)	0	0
Capital Resource Limit (CRL)	0	0
(Over)/Underspend Against CRL	0	0

3.3 Under/(Over) spend against cash limit

	2012-13 £000	2011-12 £000
Total Charge to Cash Limit	523,650	522,765
Cash Limit	550,598	543,616
Under/(Over)spend Against Cash Limit	26,948	20,851

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

	2012-13 £000
Total cash received from DH (Gross)	523,898
Less: Trade income from DH	(248)
Less/(Plus): movement in DH receivables	0
Sub total: net advances	523,650
(Less)/plus: transfers (to/from other resource account bodies)	0
Plus: cost of Dentistry Schemes (central charge to cash limits)	0
Plus: drugs reimbursement (central charge to cash limits)	0
Parliamentary funding credited to General Fund	523,650

4 Operating Revenue

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Fees & Charges	385	385	0	838
Rental Income from Finance Leases	0	0	0	0
Rental Income from Operating Leases	0	0	0	0
Recoveries in respect employee benefits	480	447	33	651
Other	1,448	742	706	2,691
Total operating revenue	2,313	1,574	739	4,180
Investment Revenue	0	0	0	0
Total Operating and Investment Revenue	2,313	1,574	739	4,180

5.1 Operating costs (excluding employee benefits)

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Chair and Non-executive directors remuneration	66	66	0	106
Consultancy Services	897	897	0	3,125
External contractors	0	0	0	0
Establishment expenses	1,457	1,457	0	1,228
Transport and moveable plant	0	0	0	0
Premises	1,707	1,707	0	1,610
Impairments & reversals for non current assets held for sale	0	0	0	0
Depreciation	0	0	0	0
Capital - Amortisation	0	0	0	0
Capital - Impairments and reversals - PPE	0	0	0	0
Capital - Impairments and reversals - Intangible Asset	0	0	0	0
Impairments and Reversals of Receivables	0	0	0	0
Impairment and Reversals of financial assets	0	0	0	0
Inventories Write Offs	0	0	0	0
Auditors remuneration - audit fee	88	88	0	146
Auditors remuneration - other fees (freetext note required)	1	1	0	1
MPET	484,850	2,010	482,840	490,840
Other (see below)	10,075	8,136	1,939	11,216
NHS Direct funding (EoE SHA)	0	0	0	0
Commissioning of Healthcare (London SHA)	0	0	0	0
High Cost Drugs (London SHA)	0	0	0	0
Impairments and Reversals for Investment Properties	0	0	0	0
Total Operating Costs excl. Employee benefits	499,141	14,362	484,779	508,272

Other includes £4.5m Digital Services, £2m Fluoridation, £1.1m training and project costs (Revalidation £0.5m, Adults and Childrens Mental Health £0.9m)

5.2 Gross Employee Benefits - excluding capitalised costs and income in respect of staff costs

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Employee Benefits (excluding officer board members)	22,539	17,912	4,627	20,476
SHA Officer Board members	945	945	0	1,829
Total Employee Benefits	23,484	18,857	4,627	22,305
TOTAL OPERATING COSTS	522,625	33,219	489,406	530,577

SHA Officer Board Members costs relate to the West Midlands proportion of the Midlands and East SHA Cluster Board. Part of this cost is recharged to East Midlands SHA and East of England SHA and this cost recovery is reported as part of Recoveries in respect of employee benefits shown in Note 4 above. The net cost attributable to West Midlands SHA is £842k.

5.3 Running costs and public health expenditure

	2012-13 £000	2011-12 £000
Of the above: running costs	33,219	32,112
Gross operating Cost (excl employee benefits) relating to Public Health	221	55
Employee Benefits relating to Public Health	825	868
Total Public Health expenditure	1,046	923
Of Operating Revenue: amount relating to Public Health Income from Outside the NHS/DH	12	0

* The difference between running costs shown in expenditure (above) and the Total in the table below is the revenue amount recorded as Admin in Note 4.

Running Costs 2012-13	SHA & MPET £000	Public Health £000	Total £000
Running costs (£000s)	30,611	1,034	31,645
Weighted population (number in units)	5,624,298	5,624,298	5,624,298
Running costs per head of population (£ per head)	5.44	0.18	5.63

Running Costs 2011-12	SHA & MPET £000	Public Health £000	Total £000
Running costs (£000s)	31,189	923	32,112
Weighted population (number in units)	5,624,298	5,624,298	5,624,298
Running costs per head of population (£ per head)	5.55	0.16	5.71

5.4 Workforce Development Costs

MPET expenditure can be broken down into the following categories:

	2012/13 £000	2011/12 £000
NHS bodies	369,931	371,005
Education Institutions	102,393	107,181
Other	12,526	12,654
	484,850	490,840

Material payments to Education Institutions for pre and post registration training for Healthcare professions and other training activities are as follows:

	2012/13 £000	2011/12 £000
Birmingham City University	26,455	26,414
Coventry University	16,958	17,131
University of Wolverhampton	15,050	17,283
Keele University	10,981	9,561
University of Birmingham	10,535	9,713
Staffordshire University	7,224	8,202
University of Worcester	5,795	6,082
University of Warwick	1,888	2,100
Birmingham Metropolitan College	699	579
Imperial College London	677	350
Kings College London	673	519
University of Nottingham	618	715
Aston University	579	789
University of Southampton	565	1,018
University of Manchester	419	1,457
Others	3,275	5,269
	102,393	107,181

6. Operating Leases

West Midlands SHA has one significant leasing arrangement relating to property rental for St Chads Court, which is used as office accommodation. Rental is calculated on occupied floor area and the lease is due to terminate in July 2013.

St Chads Court is a purpose built office building. The estimated life of the building is 60 years and the asset is currently 24 years old. The lease term is 15 years which is 25% of the asset life. The lease will be novated to NHS Property Services as part of the SHA closure arrangements.

6.1 SHA as lessee	Land £000	Buildings £000	Other £000	2012-13 Total £000	2011-12 £000
Payments recognised as an expense					
Minimum lease payments	0	1,112	255	1,367	1,554
Contingent rents	0	0	0	0	0
Sub-lease payments	0	0	0	0	0
Total	0	1,112	255	1,367	1,554
Payable:					
No later than one year	0	221	3	224	1,444
Between one and five years	0	0	0	0	297
After five years	0	0	0	0	0
Total	0	221	3	224	1,741

Total future sublease payments expected to be received: 0

6.2 SHA as lessor

The SHA has no such leasing arrangement.

7. Employee benefits and staff numbers**7.1 Employee benefits**

	Total £000	Admin £000	Programme £000	Permanently employed			Other		
				Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
Employee Benefits 2012-13 - gross expenditure									
Salaries and wages	17,297	15,745	1,552	15,701	14,149	1,552	1,596	1,596	0
Social security costs	1,496	1,318	178	1,361	1,183	178	135	135	0
Employer Contributions to NHS BSA - Pensions Division	2,048	1,794	254	1,825	1,571	254	223	223	0
Other pension costs	0	0	0	0	0	0	0	0	0
Other post-employment benefits	0	0	0	0	0	0	0	0	0
Other employment benefits	0	0	0	0	0	0	0	0	0
Termination benefits	2,643	0	2,643	2,643	0	2,643	0	0	0
Total employee benefits	23,484	18,857	4,627	21,530	16,903	4,627	1,954	1,954	0
Less recoveries in respect of employee benefits (table below)	(480)	(447)	(33)	(480)	(447)	(33)	0	0	0
Total - Net Employee Benefits including capitalised costs	23,004	18,410	4,594	21,050	16,456	4,594	1,954	1,954	0
Employee costs capitalised	0	0	0	0	0	0	0	0	0
Gross Employee Benefits excluding capitalised costs	23,484	18,857	4,627	21,530	16,903	4,627	1,954	1,954	0

Employee Benefits 2012-13 - income

	Total £000	Admin £000	Programme £000	Permanently employed			Other		
				Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
Salaries and wages	375	349	26	375	349	26	0	0	0
Social Security costs	43	40	3	43	40	3	0	0	0
Employer Contributions to NHS BSA - Pensions Division	62	58	4	62	58	4	0	0	0
Other pension costs	0	0	0	0	0	0	0	0	0
Other Post Employment Benefits	0	0	0	0	0	0	0	0	0
Other Employment Benefits	0	0	0	0	0	0	0	0	0
Termination Benefits	0	0	0	0	0	0	0	0	0
TOTAL excluding capitalised costs	480	447	33	480	447	33	0	0	0

Employee Benefits Prior Year

	Total £000	Permanently employed		Other £000
		£000	£000	
Employee Benefits Gross expenditure 2011-12				
Salaries and wages	18,021	16,221	1,800	
Social security costs	1,640	1,487	153	
Employer Contributions to NHS BSA - Pensions Division	2,288	2,036	252	
Other pension costs	0	0	0	
Other post-employment benefits	0	0	0	
Other employment benefits	0	0	0	
Termination benefits	356	356	0	
Total employee benefits	22,305	20,100	2,205	
Less recoveries in respect of employee benefits	(651)	(651)	0	
Total - Net Employee Benefits including capitalised costs	21,654	19,449	2,205	
Employee costs capitalised	0	0	0	
Gross Employee Benefits excluding capitalised costs	22,305	20,100	2,205	

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						
Other	343	295	48	371	325	46
TOTAL	343	295	48	371	325	46
Of the above - staff engaged on capital projects	0	0	0	0	0	0

7.3 Staff Sickness absence and ill health retirements

	2012-13	2011-12
	Number	Number
Total Days Lost	2,332	2,035
Total Staff Years	300	330
Average working Days Lost	7.77	6.17

The data above is provided by the Health and Social Care Information Centre and is based on calendar years (2012 for 2012/13 and 2011 for 2011/12).

7.4 Exit Packages agreed during 2012-13

Exit package cost band (including any special payment element)	2012-13			2011-12		
	*Number of compulsory redundancies	*Number of other departures agreed	Total number of exit packages by cost band	*Number of compulsory redundancies	*Number of other departures agreed	Total number of exit packages by cost band
	Number	Number	Number	Number	Number	Number
Less than £10,000	1	0	1	0	0	0
£10,001-£25,000	3	0	3	6	0	6
£25,001-£50,000	2	0	2	1	0	1
£50,001-£100,000	6	0	6	3	0	3
£100,001 - £150,000	4	0	4	1	1	2
£150,001 - £200,000	3	0	3	2	0	2
>£200,000	4	0	4	0	0	0
Total number of exit packages by type (total cost)	23	0	23	13	1	14
	£000s	£000s	£000s	£000s	£000s	£000s
Total resource cost	2,643	0	2,643	808	139	947

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 SHA has agreed early retirements, the additional costs are met by the SHA and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

This disclosure reports the number and value of exit packages taken by staff leaving in the year. The expense associated with these departures have been recognised in full in 2012-13.

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	9,148	130,982	4,397	125,431
Total Non-NHS Trade Invoices Paid Within Target	8,502	127,490	4,106	119,724
Percentage of NHS Trade Invoices Paid Within Target	92.94%	97.33%	93.38%	95.45%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	7,124	379,548	11,238	384,080
Total NHS Trade Invoices Paid Within Target	7,002	378,278	10,872	374,513
Percentage of NHS Trade Invoices Paid Within Target	98.29%	99.67%	96.74%	97.51%

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

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

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

9. Investment Income

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 Total £000
Rental Income				
Other finance lease revenue	0	0	0	0
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Interest Income				
Bank interest	0	0	0	0
Other loans and receivables	0	0	0	0
Impaired financial assets	0	0	0	0
Other financial assets	0	0	0	0
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total investment income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

10. Other Gains and Losses

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

11. Finance Costs

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 Total £000
Interest				
Interest on obligations under finance leases	0	0	0	0
Interest on late payment of commercial debt	0	0	0	0
Other interest expense	0	0	0	0
Total interest expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other finance costs	0	0	0	0
Provisions - unwinding of discount	22	0	22	7
Total	<u>22</u>	<u>0</u>	<u>22</u>	<u>7</u>

12.1 Property, plant and equipment

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
2012-13									
Cost or valuation:									
At 1 April 2012	0	0	0	0	0	0	595	231	826
Additions of Assets Under Construction	0	0	0	0	0	0	0	0	0
Additions Purchased	0	0	0	0	0	0	0	0	0
Additions Leased	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassifications as Held for Sale and Reversals	0	0	0	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	0
Impairments/negative indexation charged to reserves	0	0	0	0	0	0	0	0	0
Reversal of Impairments charged to reserves	0	0	0	0	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	0
At 31 March 2013	0	0	0	0	0	0	595	231	826
Depreciation									
At 1 April 2012	0	0	0	0	0	0	595	231	826
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassifications as Held for Sale	0	0	0	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	0
Impairments/negative indexation charged to operating e	0	0	0	0	0	0	0	0	0
Reversal of Impairments charged to operating expense:	0	0	0	0	0	0	0	0	0
Charged During the Year	0	0	0	0	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	0
At 31 March 2013	0	0	0	0	0	0	595	231	826
Net Book Value at 31 March 2013	0	0	0	0	0	0	0	0	0
Asset financing:									
Owned	0	0	0	0	0	0	0	0	0
Held on finance lease	0	0	0	0	0	0	0	0	0
Total at 31 March 2013	0	0	0	0	0	0	0	0	0
Revaluation Reserve Balance for Property, Plant & Equipment									
	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2012	0	0	0	0	0	0	0	0	0
Movements (specify)	0	0	0	0	0	0	0	0	0
At 31 March 2013	0	0	0	0	0	0	0	0	0

Note 12.1

12.2 Property, plant and equipment

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account £000	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
2011-12									
Cost or valuation:									
At 1 April 2011	0	0	0	0	0	0	595	231	826
Additions - purchased	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	0
Impairments/negative indexation charged to reserves	0	0	0	0	0	0	0	0	0
Reversal of Impairments charged to reserves	0	0	0	0	0	0	0	0	0
Transfers (to)/from NHS Bodies	0	0	0	0	0	0	0	0	0
At 31 March 2012	0	0	0	0	0	0	595	231	826
Depreciation									
At 1 April 2011	0	0	0	0	0	0	595	231	826
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassifications as Held for Sale	0	0	0	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	0
Impairments/negative indexation charged to operating expenses	0	0	0	0	0	0	0	0	0
Reversal of Impairments charged to operating expenses	0	0	0	0	0	0	0	0	0
Charged During the Year	0	0	0	0	0	0	0	0	0
Transfers to NHS Bodies	0	0	0	0	0	0	0	0	0
At 31 March 2012	0	0	0	0	0	0	595	231	826
Net book value	0	0	0	0	0	0	0	0	0
Asset financing:									
Owned	0	0	0	0	0	0	0	0	0
Held on finance lease	0	0	0	0	0	0	0	0	0
Total at 31 March 2012	0	0	0	0	0	0	0	0	0

13 Intangible non-current assets

The SHA has no intangible non-current assets.

14 Impairments and reversals

The SHA has no impairments and reversals recognised in 2012-13.

15 Investment property

The SHA has no investment property.

16 Commitments

16.1 Capital commitments

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

	31 March 2013	31 March 2012
	£000	£000
Property, plant and equipment	0	0
Intangible assets	0	0
Total	0	0

16.2 Other financial commitments

The SHA has not entered into any non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangements) for 2012-13. There are no financial commitments for such contracts.

17 Intra-Government and other balances

	Current receivables £000s	Non-current receivables £000s	Current payables £000s	Non-current payables £000s
Balances with other Central Government Bodies	841	0	1,712	0
Balances with Local Authorities	0	0	0	0
Balances with NHS bodies outside the Departmental Group	0	0	179	0
Balances with NHS Trusts and Foundation Trusts	29	0	984	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	854	0	6,369	0
At 31 March 2013	1,724	0	9,244	0
Prior period:				
Balances with other Central Government Bodies	792	0	1,308	0
Balances with Local Authorities	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	97	0	1,723	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	1,343	0	8,966	0
At 31 March 2012	2,232	0	11,997	0

18 Inventories

There are no inventories held by the SHA.

19.1 Trade and other receivables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
NHS Receivables - Revenue	721	883	0	0
NHS Receivables - Capital	0	0	0	0
NHS Prepayments and Accrued Income	0	0	0	0
Non NHS Trade Receivables - Revenue	223	181	0	0
Non NHS Trade Receivables - Capital	0	0	0	0
Non-NHS Prepayments and Accrued Income	362	961	0	0
Provision for Impairments of Receivables	0	0	0	0
VAT	418	207	0	0
Interest receivables	0	0	0	0
Finance lease receivables	0	0	0	0
Operating lease receivables	0	0	0	0
Other receivables	0	0	0	0
Total	1,724	2,232	0	0
Total current and non current	1,724	2,232		

19.2 Receivables past their due date but not impaired

	31 March 2013 £000	31 March 2012 £000
By up to three months	355	522
By three to six months	10	3
By more than six months	0	6
Total	365	531

19.3 Provision for impairment of receivables

	2012-13 £000	31 March 2012 £000
Balance at 1 April 2012	0	0
Amount written off during the year	0	0
Amount recovered during the year	0	0
(Increase)/decrease in receivables impaired	0	0
Balance at 31 March 2013	0	0

20 Other financial assets

The SHA has no other financial assets.

21 Other current assets

The SHA has no other current assets.

22 Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Opening balance	26	61
Net change in year	(16)	(35)
Closing balance	<u>10</u>	<u>26</u>
Made up of		
Cash with Government Banking Service	10	22
Commercial banks	0	4
Cash in hand	0	0
Current investments	0	0
Cash and cash equivalents as in statement of financial position	<u>10</u>	<u>26</u>
Bank overdraft - Government Banking Service	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in statement of cash flows	<u>10</u>	<u>26</u>
Patients' money held by the SHA, not included above	<u>0</u>	<u>0</u>

23 Non-current assets held for sale

The SHA has no current assets held for sale.

24 Trade and other payables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Interest Payable	0	0	0	0
NHS Payables - Revenue	1,509	3,031	0	0
NHS Payables - Capital	0	0	0	0
NHS Accruals and Deferred Income	1,356	0	0	0
Non-NHS Trade Payables - Revenue	5,962	4,252	0	0
Non-NHS Trade Payables - Capital	0	0	0	0
Non-NHS Accruals and Deferred Income	389	4,714	0	0
Social Security Costs	2	0	0	0
VAT	0	0	0	0
Tax	2	0	0	0
Payments received on account	0	0	0	0
Other	24	0	0	0
Total	9,244	11,997	0	0
Total payables (current and non-current)	9,244	11,997		

25 Other liabilities

The SHA has no other liabilities.

26 Borrowings

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Bank overdraft - Government Banking Service	0	0	0	0
Bank overdraft - commercial banks	0	0	0	0
Finance lease liabilities	0	0	0	0
Other (describe)	0	0	0	0
Total	0	0	0	0
Total borrowings (current and non-current)	0	0		

27 Other financial liabilities

The SHA has no other financial liabilities.

28 Deferred income

The SHA has no deferred income.

29 Finance lease obligations

The SHA has no finance leases.

There are no amounts payable under finance leases.

30 Finance lease receivables as lessor

The SHA has no finance leases.

There are no amounts receivable under finance leases.

31 Provisions

	Total £000s	Comprising:		B		Continuing Care £000s	Equal Pay £000s	Agenda for Change £000s	C		D	
		Pensions to Former Directors £000s	A Pensions Relating to Other Staff £000s	Legal Claims £000s	Restructuring £000s				Other £000s	Redundancy £000s		
Balance at 1 April 2012	6,721	0	2,046	2,601	0	0	0	0	2,074	0	0	0
Arising During the Year	1,819	0	626	868	0	0	0	0	0	0	0	325
Utilised During the Year	(493)	0	(256)	(185)	0	0	0	0	(52)	0	0	0
Reversed Unused	(2,435)	0	0	(413)	0	0	0	0	(2,022)	0	0	0
Unwinding of Discount	22	0	22	0	0	0	0	0	0	0	0	0
Change in Discount Rate	0	0	0	0	0	0	0	0	0	0	0	0
Transferred (to)/from other public sector bodies	0	0	0	0	0	0	0	0	0	0	0	0
Balance at 31 March 2013	5,634	0	2,438	2,871	0	0	0	0	0	0	0	325

Expected Timing of Cash Flows:

No Later than One Year	1,036	0	250	461	0	0	0	0	0	0	0	325
Later than One Year and not later than Five Years	3,578	0	1,168	2,410	0	0	0	0	0	0	0	0
Later than Five Years	1,020	0	1,020	0	0	0	0	0	0	0	0	0

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

As at 31 March 2013	150,486
As at 31 March 2012	147,984

A - Amounts included in Pensions Relating to Other Staff are for the capitalised pension rights of ex-NHS employees. These ex-employees were from a predecessor organisation of the SHA. Payments are made quarterly to NHS Pensions in respect of the individuals concerned. Valuations are calculated from the in-year payment information and the actuarials notified by NHS Pensions.

B - This amounts to legal claims lodged prior to and during 2012-13. They relate mainly to ex-employees of predecessor bodies and it is expected that the majority of claims will be settled beyond 2012-13. Valuations of expected settlements and the timings involved are as notified by West Midlands SHA legal advisors.

C - Other relates mainly to a claim lodged in respect of fluoridation contract payments. This was notified to the SHA by Severn Trent Water who undertake fluoridation of the West Midlands water supply on behalf of the NHS. The amount of the claim was funded in 12-13 as part of the Fluoridation allocations to support plant development, thus the provision was removed.

D - This amount relates to exit costs of staff under notice of redundancy but retained for a limited period to assist with the SHA closure. The amounts have been calculated by the SHAs payroll provider and NHS Pensions.

32 Contingencies

	31 March 2013 £000	31 March 2012 £000
Contingent Liabilities		
Equal Pay	0	0
Other	0	0
Amounts Recoverable Against Contingent Liabilities	0	0
Net Value of Contingent Liabilities	0	0
Contingent Assets		
Contingent Assets	0	0
Net Value of Contingent Assets	0	0

33 Impact of IFRS treatment 2012-13

There are no revenue costs of IFRS in respect of arrangements reported on SoFP under IFRIC 12.

There are no capital consequences of IFRS in relation to LIFT/PFI and other items under IFRIC 12.

34 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 SHA 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 SHA's expected purchase and usage requirements and the SHA is therefore exposed to little credit, liquidity or market risk.

Currency risk

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

Interest rate risk

SHAs are not permitted to borrow. The SHA therefore has low exposure to interest-rate fluctuations

Credit Risk

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

Liquidity Risk

The SHA 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 SHA is not, therefore, exposed to significant liquidity risks.

34.1 Financial Assets

	At 'fair value through profit and loss' £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
Receivables - NHS	0	721	0	721
Receivables - non-NHS	0	223	0	223
Cash at bank and in hand	0	10	0	10
Other financial assets	0	418	0	418
Total at 31 March 2013	0	1,372	0	1,372
Embedded derivatives	0	0	0	0
Receivables - NHS	0	883	0	883
Receivables - non-NHS	0	181	0	181
Cash at bank and in hand	0	26	0	26
Other financial assets	0	207	0	207
Total at 31 March 2012	0	1,297	0	1,297

34.2 Financial Liabilities

	At 'fair value through profit and loss' £000	Other £000	Total £000
Embedded derivatives	0	0	0
NHS payables	0	2,865	2,865
Non-NHS payables	0	6,351	6,351
Other borrowings	0	0	0
PFI & finance lease obligations	0	0	0
Other financial liabilities	0	28	28
Total at 31 March 2013	0	9,244	9,244
Embedded derivatives	0	0	0
NHS payables	0	3,031	3,031
Non-NHS payables	0	4,252	4,252
Other borrowings	0	0	0
PFI & finance lease obligations	0	0	0
Other financial liabilities	0	4,714	4,714
Total at 31 March 2012	0	11,997	11,997

35 Related party transactions

During the year none of the SHA Board Members, or parties related to them, have undertaken any material transactions with West Midlands SHA. However, the following information has been declared:

Deryk Mead's (Non-Executive Director) spouse is a Non-Executive Director of Herefordshire PCT. Revenue and expenditure with Herefordshire PCT is listed below.

Chris Handy (Non-Executive Director) is a Professor of Governance at Birmingham City University. West Midlands SHA has incurred £26.5m of expenditure with Birmingham City University in 12-13.

Moira Dumma (Director of Commissioning Development until 30 September 2012) was substantively employed by South Birmingham Primary Care Trust. Revenue and Expenditure with this Trust is listed below.

Kaye Burnett (Vice Chair) is an associate lecturer at Sheffield Hallam University. West Midlands SHA has incurred £0.02m expenditure with Sheffield Hallam University in 12-13

Robert Harris (Director of Operations and Performance) is a Professor of Health Management at City University London. West Midlands SHA has incurred £0.35m expenditure with City University London in 12-13

The Department of Health is regarded as a related party. During the year, West Midlands SHA has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are:

<u>Department of Health</u>	Revenue £000s	Expenditure £000s
DH - Core Trading (not incl parliamentary funding or grants-in-aid)	248	392
DH - NHS Supply Chain Maidstone	0	22
	248	414

<u>English Strategic Health Authorities</u>	Revenue £000s	Expenditure £000s
East Midlands Strategic Health Authority	279	461
East of England Strategic Health Authority	64	682
London Strategic Health Authority	82	76
North East Strategic Health Authority	10	5
North West Strategic Health Authority	29	27
South Central Strategic Health Authority	138	0
South East Coast Strategic Health Authority	46	2
South West Strategic Health Authority	116	32
Yorkshire and The Humber Strategic Health Authority	16	10
	780	1295

<u>English Primary Care Trusts</u>	Revenue £000s	Expenditure £000s
Birmingham East And North PCT	257	9644
Coventry Teaching PCT	3	3892
Derby City PCT	0	1
Derbyshire County PCT	0	20
Dudley PCT	6	2396
Heart Of Birmingham Teaching PCT	70	772
Herefordshire PCT	0	1108
Leicester City PCT	0	10
Lincolnshire Teaching PCT	0	1
North Somerset PCT	0	6
North Staffordshire PCT	10	1696
Nottinghamshire County Teaching PCT	0	12
Peterborough PCT	0	147
Sandwell PCT	1	2010
Shropshire County PCT	0	2229
Solihull PCT	0	1718
South Birmingham PCT	12	1106
South Staffordshire PCT	0	4298
Stoke On Trent PCT	4	1236
Suffolk PCT	0	9
Telford And Wrekin PCT	0	1120
Walsall Teaching PCT	0	4156
Warwickshire PCT	0	4502
Wolverhampton City PCT	0	2640
Worcestershire PCT	14	3975
	377	48704

<u>English NHS Trusts</u>	Revenue £000s	Expenditure £000s
Barts Health NHS Trust	0	48
Bedford Hospital NHS Trust	0	6
Birmingham Community Healthcare NHS Trust	1	17882
Brighton And Sussex University Hospitals NHS Trust	8	6
Buckinghamshire Healthcare NHS Trust	0	35
Coventry And Warwickshire Partnership NHS Trust	18	7591
Dudley And Walsall Mental Health Partnership NHS Trust	0	1569
Ealing Hospital NHS Trust	0	8
East And North Hertfordshire NHS Trust	0	12
East Of England Ambulance Service NHS Trust	0	4
George Eliot Hospital NHS Trust	0	5080
Hertfordshire Community NHS Trust	0	6
Hull And East Yorkshire Hospitals NHS Trust	0	10

Imperial College Healthcare NHS Trust	0	1438
Leeds Teaching Hospitals NHS Trust	0	186
Leicestershire Partnership NHS Trust	0	42
Manchester Mental Health And Social Care NHS Trust	0	70
Mid Essex Hospital Services NHS Trust	0	6
Norfolk Community Health and Care NHS Trust	0	2
North Bristol NHS Trust	0	89
North Staffordshire Combined Healthcare NHS Trust	0	1915
Northampton General Hospital NHS Trust	0	29
Nottingham University Hospitals NHS Trust	0	7
Nottinghamshire Healthcare NHS Trust	0	3
Oxford University Hospitals NHS Trust	0	38
Portsmouth Hospitals NHS Trust	0	146
Princess Alexandra Hospital NHS Trust	0	20
Royal Liverpool Broadgreen Hospitals NHS Trust	0	1
Royal Wolverhampton NHS Trust	0	12495
Sandwell And West Birmingham Hospitals NHS Trust	0	18516
Shrewsbury And Telford Hospital NHS Trust	20	10706
Shropshire Community Health NHS Trust	0	1422
St Helens And Knowsley Hospitals NHS Trust	0	29
Staffordshire And Stoke On Trent Partnership NHS Trust	0	3241
The Derbyshire Community Health Services NHS Trust	0	67
The Solent NHS Trust	0	69
United Lincolnshire Hospitals NHS Trust	0	10
University Hospital Of North Staffordshire Hospital NHS Trust	0	23912
University Hospitals Coventry And Warwickshire NHS Trust	2	22541
University Hospitals Of Leicester NHS Trust	0	50
Walsall Healthcare NHS Trust	0	5883
West Hertfordshire Hospitals NHS Trust	0	7
West Midlands Ambulance Service NHS Trust ***FT status from 01/01/13***	2	1436
Worcestershire Acute Hospitals NHS Trust	0	9751
Worcestershire Health and Care NHS Trust	0	2273
Wye Valley NHS Trust	0	4357
	<hr/>	<hr/>
	51	153014

Other English RAB Authorities (Special Health Authorities within boundary)

	Revenue £000s	Expenditure £000s
Health and Social Care Information Centre	0	99
National Institute for Health and Clinical Excellence	10	0
NHS Business Services Authority (incl Student Bursaries)	0	56093
NHS Institute of Innovation and Improvement	0	206
Health Education England	92	0
	<hr/>	<hr/>
	102	56398

(Health) Central Government Accounts Bodies (NDPBs and Others)

	Revenue £000s	Expenditure £000s
Health Protection Agency	0	78
NHS Commissioning Board ***from 01/10/12 as NDPB***	277	0
	<hr/>	<hr/>
	277	78

Balances with WGA (including Other Government Departments, excluding Local Authorities)

	Revenue £000s	Expenditure £000s
NHS Blood and Transplant (excluding Bio Products Laboratory)	0	179
Welsh Assembly Government - Public Health Wales NHS Trust	12	0
	<hr/>	<hr/>
	12	179

English NHS Foundation Trusts

	Revenue £000s	Expenditure £000s
2Gether NHS Foundation Trust	0	355
Alder Hey Childrens NHS Foundation Trust	0	76
Basildon And Thurrock Univ Hosp NHS Foundation Trust	0	10
Birmingham And Solihull Mental Health NHS Foundation Trust	0	7489
Birmingham Childrens Hospital NHS Foundation Trust	0	9491
Birmingham Womens NHS Foundation Trust	10	4771
Black Country Partnership NHS Foundation Trust	4	2521
Burton Hospitals NHS Foundation Trust	0	3811
Cambridge Univ Hosp NHS Foundation Trust	0	37
Central Manchester University Hospitals NHS Foundation Trust	0	349
Chelsea And Westminster Hospital NHS Foundation Trust	0	6
Christie Hospital NHS Foundation Trust	0	14
Colchester Hospital University NHS Foundation Trust	0	7
Derby Hospitals NHS Foundation Trust	0	8
Derbyshire Healthcare NHS Foundation Trust	0	5
East Kent Hospitals University NHS Foundation Trust	1	33
Gateshead Health NHS Foundation Trust	0	39
Gloucestershire Hospitals NHS Foundation Trust	0	53
Great Ormond Street Hospital for Children NHS Foundation Trust	0	160
Harrogate And District NHS Foundation Trust	0	10
Heart Of England NHS Foundation Trust	0	20779
Hertfordshire Partnership NHS Foundation Trust	0	6
James Paget University Hospitals NHS Foundation Trust	0	33
Kings College Hospital NHS Foundation Trust	0	10
Lancashire Care NHS Foundation Trust	0	81
Liverpool Heart And Chest NHS Foundation Trust	0	31
Liverpool Womens Hospital NHS Foundation Trust	0	15
Mid Staffordshire NHS Foundation Trust	0	4587
Newcastle Upon Tyne Hospitals NHS Foundation Trust	0	176
Norfolk And Norwich University Hospitals NHS Foundation Trust	0	5
Norfolk And Suffolk NHS Foundation Trust	0	5
North Essex Partnership NHS Foundation Trust	0	114

Northamptonshire Healthcare NHS Foundation Trust	0	55
Papworth Hospital NHS Foundation Trust	0	33
Peterborough & Stamford Hospitals NHS Foundation Trust	0	56
Queen Elizabeth Hospital Kings Lynn NHS Foundation Trust	0	4
Robert Jones And Agnes Hunt Orthopaedic Hospital NHS Foundation Trust	4	1615
Royal Berkshire NHS Foundation Trust	0	9
Royal Devon And Exeter NHS Foundation Trust	0	8
Royal Free London NHS Foundation Trust	33	46
Royal Orthopaedic Hospital NHS Foundation Trust	0	2037
Royal Surrey County NHS Foundation Trust	0	45
Salford Royal NHS Foundation Trust	0	38
Sheffield Childrens NHS Foundation Trust	0	91
Sheffield Teaching Hospitals NHS Foundation Trust	0	62
Sherwood Forest Hospitals NHS Foundation Trust	0	5
South Staffordshire Healthcare NHS Foundation Trust	0	3970
South Tees Hospitals NHS Foundation Trust	0	17
South Warwickshire NHS Foundation Trust	0	8387
Southend University Hospitals NHS Foundation Trust	0	5
The Dudley Group NHS Foundation Trust	0	7568
The Royal Marsden Hospital NHS Foundation Trust	0	56
University College London NHS Foundation Trust	0	35
University Hospital Birmingham NHS Foundation Trust	0	34741
University Hospital Southampton NHS Foundation Trust	33	43
University Hospital Of South Manchester NHS Foundation Trust	0	117
University Hospitals Of Bristol NHS Foundation Trust	0	45
West Midlands Ambulance Service NHS Foundation Trust ***FT status from 01/01/13***	0	309
Wrightington, Wigan And Leigh NHS Foundation Trust	0	36
	<u>85</u>	<u>114520</u>

In addition, the SHA has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with HM Revenue and Customs in respect of VAT.

36 Losses and special payments

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

	Total Value of Cases £s	Total Number of Cases
Losses	5,873	6
Special payments	184,993	2
Total losses and special payments	190,866	8

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

	Total Value of Cases £s	Total Number of Cases
Losses	12,594	8
Special payments	180,000	1
Total losses and special payments	192,594	9

37 Third party assets

There are no third party assets.

38 Cashflows relating to exceptional items

There are no cash flows relating to exceptional items.

39 Events after the end of the reporting period

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

Health Education England (West Midlands)
Public Health England
NHS England (Commissioning Board)
Trust Development Agency
NHS Property Services

Subject to any final changes required by the Department of Health, the assets and liabilities of the SHA will be transferred to successor bodies as indicated in the table below.

This indicative transfer follows the policies and principles laid out in the *Transfer of Claims, Liabilities and related Financial Assets Guidance* issued by the Department of Health. A copy of this guidance is available by following this link www.info.doh.gov.uk/doh/finman.nsf - the document is in the Handover and Closedown section of the Finance Manual.

The ultimate destination of the assets and liabilities shown below will be confirmed following the final review of transfer orders by the Department of Health.

	Balances held by SHA as 31st March 2013 £000s	Department of Health £000s	Commissioning Board £000s	Health Education England £000s	NHS Property Services £000s
CURRENT ASSETS					
Trade and Other Receivables	1,724	1,361	15	121	227
Cash and Cash Equivalents	10	10			
TOTAL Current Assets	1,734	1,371	15	121	227
CURRENT LIABILITIES					
Trade and Other Payables	(9,244)	(9,244)	0	0	0
Provisions	(1,036)	(1,036)	0	0	0
Total Current Liabilities	(10,280)	(10,280)	0	0	0
NET CURRENT ASSETS/(LIABILITIES)	(8,546)	(8,909)	15	121	227
NON-CURRENT LIABILITIES:					
Provisions	(4,598)	(4,598)			
ASSETS LESS LIABILITIES (Total Assets Employed)	(13,144)	(13,507)	15	121	227