



Department
of Health



Central Lancashire Primary Care Trust

2012-13 Annual Report

August 2013

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Central Lancashire Primary Care Trust

2012-13 Annual Report

2012/13

NHS

Central Lancashire

Annual Report



Supporting information and
financial statement

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1. About NHS Central Lancashire and the area we serve

Central Lancashire Primary Care Trust, known as NHS Central Lancashire, was established in October 2006. In 2012/13 we serve a population of approximately 458,000 people in Chorley, Leyland, Ormskirk, Preston, Skelmersdale and surrounding communities. We have a legal duty to make sure the best health services are available for everyone in Central Lancashire. This includes making sure services meet your needs, are of the highest possible quality, and that your money is spent wisely. We also support the people living in the area to live healthy lives. We work closely with GPs, dentists, opticians and pharmacists as well as local hospitals and social services to develop and provide high quality healthcare for people in Central Lancashire. That means helping to plan and commission (buy) services from:

Two main acute hospitals – Lancashire Teaching Hospitals NHS Foundation Trust and Southport and Ormskirk NHS Hospitals Trust;

One mental health and provider services trust - Lancashire Care NHS Foundation Trust;

Pharmacies, opticians, GP practices and dental practices;

As part of the NHS reforms, the responsibility for commissioning local health services is being transferred from primary care trusts (PCTs) to clinical commissioning groups (CCGs). PCTs were abolished from 1st April 2013. From 1st April 2013 NHS Central Lancashire's responsibility for commissioning these services has been taken over by NHS Greater Preston CCG, NHS Chorley and South Ribble CCG and West Lancashire CCG. In addition the primary care commissioning responsibility has been taken over by the NHS Commissioning Board and Public Health commissioning by the local authority.

2. The Board

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

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

To ensure stability in 2012/13 while the changes noted above took place, the NHS Lancashire PCTs comprising NHS Blackburn with Darwen Care Trust Plus, NHS Blackpool, NHS Central Lancashire, NHS East Lancashire and NHS North Lancashire, joined together as the NHS Lancashire Cluster to ensure continuity of delivery of an excellent service while undergoing change. The Cluster also continued to support the development and authorisation of the clinical commissioning groups and ensured a smooth transition of commissioning function. Clustering did not affect frontline services, community staff or patients.

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

The Cluster Board membership comprises:

Chair: Peter Kenyon

Chief executive: Janet Soo-Chung

Non-executive directors:

- Ian Cherry
- Roy Fisher
- Bill Gormley
- Bob Huntbach
- Sir Bill Taylor

Executive directors:

- Frank Atherton
- Jim Gardner
- Gary Hardman
- Jane Higgs
- Mike Maguire
- Sally Parnaby
- David Wharfe
- Graham Burgess (to 31.8.12)
- Harry Catterall (from 1.9.12)

Meetings of the Board were held in public and members of the public were welcome to attend.

3. Sustainability

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

We have undertaken a number of initiatives to improve the energy efficiency of all premises and other activities to improve the environment. Our organisation has an up to date Sustainable Expenditure Management Plan, that ensures that we fulfil our commitment to conducting all aspects of our activities with due consideration to sustainability, whilst providing high quality patient care. A Board level lead for Sustainability ensures that sustainability issues have visibility and ownership at the highest level of the organisation.

Our Scope 1 emissions, which occur from sources owned or controlled by the PCT were 878,616 Kg CO₂; our Scope 1 gas consumption was 4,785,596 Kwh.

Our Scope 2 emissions, which result from energy consumed that is supplied by another party, were 82,558 Kg CO₂; our Scope 2 gas consumption was 449,703 Kwh.

During 2012/13 our total expenditure on business travel was £94,000. The Scope 3 emissions relating to this were 121,696 Kg CO₂.

We do not participate in the CRC Energy Efficiency Scheme as our floor area is below the limit of that required for this scheme.

We spent £64K on water consumption

Our expenditure on waste was £89K, of which £32K was spent on confidential waste/recycling.

4. Equality and Diversity

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

The PCT used the Department of Health's toolkit for NHS organisations, called the Equality Diversity System. We have worked with GPs and those in our community to develop benchmarks for this activity. We worked with the nine clinical commissioning groups across Cumbria and Lancashire. These policies reflect what you told us are your priorities and what you would like us to do to improve them, subject to financial constraints.

5. Progress against agreed targets

The information in the tables below show the position against the 2012-13 Operating Framework targets

	Achieved	Underachieve	Fai
National Targets	Cancer access targets	Ambulance response times Category A 19	Smoking quitters
	Ambulance response times Category A 8	Improving access to psychological therapy	Annual Health Checks
	A & E 4hr target	Health visitor staff in post	52+ week waiters
	Mental Health targets (Early Intervention, CPA and Crisis Resolution)	Activity - diagnostic tests	Activity - other referrals
	18 weeks access measures	MRSA	
	Activity targets -non elective activity, GP referrals, DC and elective activity, 1st OP attendances		
	% of all adult inpatients who have had a VTE risk assessment		
	Mixed sex accommodation		
Local Targets	Diagnostics access		
	Childhood Immunisation (age 1, age 2, HPV programme)	Cancer and CVD mor- tality	Chlamydia screening
	Diabetic retinopathy screening	Childhood immunisa- tion - age 5	Emergency re- admissions
	Stroke - High risk TIA assessments	Breastfeeding 6-8 weeks	Choose and book
	Cervical screening	Stroke - % on a stroke ward	
Bowel screening	Dentistry access		

Emergency preparedness

Previous annual reports have covered the work of NHS Central Lancashire's function for emergency planning and response. However, the NHS Lancashire primary care trust cluster became fully established and the local emergency planning team has become part of the wider County NHS resilience team for Lancashire. This comprises all the primary care trust emergency planning leads in Lancashire. The local facing work of the resilience team is predominantly around commissioning for major incidents, supporting local trusts, participating in health economy response to pressures, co-ordinating primary care and independent contractors in preparing for and responding to major incidents, ensuring that business continuity and estates plans are in place and managing rotas and training participants. The role of the primary care trust cluster and of the county NHS resilience team takes nothing away from the responsibilities of each NHS organisation as a Category 1 Responder under the Civil Contingencies Act (2004). For that purpose NHS Central Lancashire retains an emergency

planning team, a major incident plan, a major incident room and 24/7 on-call rota arrangements. The primary care trusts' emergency planning leads attend regular and ad-hoc emergency planning meetings. Where necessary, joint teleconferences are also held to address any urgent issues, especially during escalation periods.

Staff Sickness absence	2012-13	2011-12
Total Days Lost	3,237	3,716
Total Staff Years	509	304
Average working Days Lost	6.36	12.22

6. Summary Financial Information 2012-13

Commentary – Director Of Finance

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

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

These were to:-

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

The PCT ended the year with an operational surplus of £3.776m, having lodged £3.762m with the SHA. The outturn was in line with the PCT's original financial plan for 2012/13.

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

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

Audit Committee

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

Accountable Officer

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

Balance Transfer Arrangements

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

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

Transfer Schemes

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

J Hayburn

Finance Signing Officer

Further Financial Information

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

Janet Jenkins

NHS England - Lancashire Area

2nd Floor Preston Business Centre

Watling Street Road

Fulwood Preston

PR2 8DY

Email: JanetJenkins@nhs.net

Statement Of Comprehensive Net Expenditure For The Year Ended 31 March 2013

Administration costs and programme expenditure	2012-2013 £000	2011-2012 £000
Gross employee benefits	18,917	19,221
Other costs	817,091	805,312
Income	(30,836)	(32,594)
PCT net operating costs before interest	805,172	791,939
Investment income	0	0
Other (gains)/losses	0	0
Finance costs	51	52
Net operating costs for the financial year	805,223	791,991
Other comprehensive net expenditure		
Net (gain) on revaluation of property, plant & equipment	(271)	(930)
Net (gain) on revaluation of intangibles	0	0
Net (gain) on revaluation of available for sale financial assets	0	0
Receipt of donated or government granted assets	0	0
(Gain)/loss on other reserves	0	0
Impairments and reversals	835	1,810
Transfers from donated and government grant reserves	0	0
Adjustment for nominal cost of capital charge	0	0
Transfers (to)/from other bodies within the resource account boundary	0	0
Net actuarial (gain)/loss on pension	0	0
Total comprehensive net expenditure for the year	805,787	792,871

Summary Of Financial Performance Targets

Operational financial balance	2012-13 £000	2011-12 £000
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The PCT's performance for the year ended 31 March 2013 is as follows:

Total net operating costs for the financial year	805,223	791,991
Revenue resource limit (RRL)	808,999	795,653
Underspend against RRL	3,776	3,662

Capital resource limit	2012-13 £000	2011-12 £000
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The PCT is required to keep within its capital resource limit.

Charge against the capital resource limit (CRL)	2,629	2,258
Capital resource limit (CRL)	2,962	2,528
Underspend against CRL	333	270

Cash Limit

Central Lancashire Primary Care Trust operated within its cash limit of £796,330 during the year ended 31 March 2013.

Statement Of Financial Position As At 31 March 2013

	31 March 2013 £000	31 March 2012 £000
Non-current assets:		
Property, plant and equipment	35,260	36,073
Intangible assets	476	374
Other financial assets	0	0
Trade and other receivables	0	0
Total non-current assets	35,736	36,447
Current assets:		
Inventories	29	14
Trade and other receivables	13,854	16,752
Other financial assets	0	0
Other current assets	0	0
Cash and cash equivalents	0	1
	13,883	16,767
Non-current assets held for sale	0	0
Total current assets	13,883	16,767
Total assets	49,619	53,214
Current liabilities		
Trade and other payables	(38,314)	(37,483)
Other liabilities	0	0
Provisions	(5,803)	(7,418)
Borrowings	(1)	0
Other financial liabilities	0	0
Total current liabilities	(44,118)	(44,901)
Non-current assets plus/less net current assets/liabilities	5,501	8,313

Statement Of Financial Position As At 31 March 2013

	31 March 2013 £000	31 March 2012 £000
Non-current liabilities		
Trade and other payables	0	(17)
Provisions	(10,629)	(3,967)
Borrowings	0	0
Other financial liabilities	0	0
Other liabilities	0	0
Total non-current liabilities	(10,629)	(3,984)
Total assets employed:	(5,128)	4,329

Financed By: Taxpayers' Equity

General fund	(9,425)	(712)
Revaluation reserve	4,297	5,041
Donated asset reserve	0	0
Government grant reserve	0	0
Other reserves	0	0
Total taxpayers' equity:	(5,128)	4,329

Statement Of Cash Flows For The Year Ended 31 March 2013

Cashflow from operating activities	2012-13 £000	2011-12 £000
Net Operating Cost Before Interest	(805,172)	(791,939)
Depreciation and Amortisation	1,870	1,972
Impairments and Reversals	906	340
Other Gains/(Losses) on foreign exchange	0	0
Donated Assets received credited to revenue but non-cash	0	0
Government Granted Assets received credited to revenue but non-cash	0	0
Interest Paid	0	0
Release of PFI/deferred credit	0	0
(Increase)/Decrease in Inventories	(15)	331
(Increase)/Decrease in Trade and Other Receivables	2,898	(5,960)
(Increase)/Decrease in Other Current Assets	0	0
Increase/(Decrease) in Trade and Other Payables	89	(630)
(Increase)/Decrease in Other Current Liabilities	0	0
Provisions Utilised	(3,347)	(676)
Increase/(Decrease) in Provisions	8,343	7,429
Net cash outflow from operating activities	(794,428)	(789,133)
Cash flows from investing activities		
Interest Received	0	0
(Payments) for Property, Plant and Equipment	(2,646)	(3,192)
(Payments) for Intangible Assets	(231)	(107)
(Payments) for Other Financial Assets	0	0
(Payments) for Financial Assets (LIFT)	0	0
Proceeds of disposal of assets held for sale (PPE)	973	300
Proceeds of disposal of assets held for sale (Intangible)	0	0

Proceeds from Disposal of Other Financial Assets	0	0
Proceeds from the disposal of Financial Assets (LIFT)	0	0
Loans Made in Respect of LIFT	0	0
Loans Repaid in Respect of LIFT	0	0
Rental Revenue	0	0
Net cash inflow/(outflow) from investing activities	(1,904)	(2,999)
Net cash inflow/(outflow) before financing	(796,332)	(792,132)

Cash flows from financing activities		
Net parliamentary funding	796,330	792,130
Other capital receipts surrendered	0	0
Capital grants received	0	0
Capital element of payments in respect of finance leases, on-SoFP PFI and LIFT	0	0
Cash transfers (to)/from other NHS bodies	0	0
Net cash inflow/(outflow) from financing	796,330	792,130

Net increase/(decrease) in cash and cash equivalents	(2)	(2)
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Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period	1	3
Opening balance adjustment - TCS transactions	0	0
Restated Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period	1	3
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	(1)	1

Remuneration Report

NHS Lancashire Cluster – Remuneration and pensions

From 1 June 2011 to 31 March 2013 NHS Central Lancashire was part of NHS Lancashire Cluster.

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

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

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

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

	Population (Weighted)	%
NHS Blackburn with Darwen Care Trust Plus	171,120	11%
NHS Blackpool	175,163	11%
NHS Central Lancashire	458,874	29%
NHS East Lancashire	404,484	26%
NHS North Lancashire	345,749	22%
Total	1,559,390	100%

The remuneration of the cluster board is as follows:

Remuneration paid to senior managers - PCT Cluster Costs			1 April 2012 - 31 March 2013			1 April 2011 - 31 March 2012		
Name	Title	Dates	Salary (bands of £5,000) £000	Other remuneration (bands of £5,000) £000	Benefits in kind (to nearest 100) £00	Salary (bands of £5,000) £000	Other remuneration (bands of £5,000) £000	Benefits in kind (to nearest 100) £00
Janet Soo-Chung	Chief Executive		40-45	0	17-18	40-45	0	15-16
Sally Parnaby	Director of HR, Organisational Development and Partnerships		30-35	0	14-15	25-30	0	15-16
Jim Gardner	Director of Medicine		35-40	0	14-15	30-35	0	14-15
Gary Hardman	Director of Nursing	Resigned 20/7/2012	5-10	0	0	15-20	0	0
Frank Atherton	Director of Public Health	Resigned 4/5/2012	5-10	0	0	30-35	0	0
David Wharfe	Director of Finance		35-40	0	9-10	30-35	0	13-14
Mike Maguire	Director of Commissioning Development	Resigned 31/8/2012	15-20	0	17-18	25-30	0	19-20
Graham Burgess	Joint CE - Blackburn with Darwen Borough Council and NHS Care Trust Plus	Resigned 31/8/2012	5-10	0	0	15-20	0	0
Harry Catterall	Joint CE - Blackburn with Darwen Borough Council and NHS Care Trust Plus	Appointed 1/9/2012	10-15	0	0	n/a	n/a	n/a
Wendy Swift	Director of Special Projects	Resigned during 2011-12	0	0	0	30-35	0	13-14
Jane Higgs	Director of Performance		25-30	0	0	5-10	0	0
Peter Kenyon	Cluster Chairman		10-15	0	5-6	10-15	0	5-6
Roy Fisher	Cluster non-exec		10-15	0	0	5-10	0	0
Bill Gormley	Cluster non-exec		10-15	0	0	5-10	0	0
Bob Huntbach	Cluster non-exec		10-15	0	0	5-10	0	0
Sir Bill Taylor	Cluster non-exec		10-15	0	0	5-10	0	0
Ian Cherry	Cluster non-exec		10-15	0	1-2	5-10	0	0

Benefits are in respect of lease vehicles.

Remuneration paid to senior managers - Cluster Full Costs			1 April 2012 - 31 March 2013			1 April 2011 - 31 March 2012		
Name	Title	Dates	Salary (bands of £5,000) £000	Other remuneration (bands of £5,000) £000	Benefits in kind (to nearest 100) £00	Salary (bands of £5,000) £000	Other remuneration (bands of £5,000) £000	Benefits in kind (to nearest 100) £00
Janet Soo-Chung	Chief Executive		150-155	0	59-60	135-140	0	53-54
Sally Parnaby	Director of Human Resources, Organisational Development and Partnerships		105-110	0	51-52	95-100	0	53-54
Jim Gardner	Director of Medicine		120-125	0	48-49	105-110	0	47-48
Gary Hardman	Director of Nursing	Resigned 20/7/2012	25-30	0	0	60-65	0	0
Frank Atherton	Director of Public Health	Resigned 4/5/2012	15-20	0	0	110-115	0	0
David Wharfe	Director of Finance		130-135	0	34-35	110-115	0	44-45
Mike Maguire	Director of Commissioning Development	Resigned 31/8/2012	50-55	0	60-61	85-90	0	67-68
Graham Burgess	Joint CE - Blackburn with Darwen Borough Council and NHS Care Trust Plus	Resigned 31/8/2012	30-35	0	0	60-65	0	0
Harry Catterall	Joint CE - Blackburn with Darwen Borough Council and NHS Care Trust Plus	Appointed 1/9/2012	35-40	0	0	n/a	n/a	n/a
Wendy Swift	Director of Special Projects	Resigned during 2011-12	0	0	0	105-110	0	46-47
Jane Higgs	Director of Performance		95-100	0	0	20-25	0	0
Peter Kenyon	Cluster Chairman		40-45	0	17-18	35-40	0	18-19
Roy Fisher	Cluster non-exec		35-40	0	0	25-30	0	0
Bill Gormley	Cluster non-exec		30-35	0	0	20-25	0	0
Bob Huntbach	Cluster non-exec		40-45	0	0	30-35	0	0
Sir Bill Taylor	Cluster non-exec		35-40	0	0	25-30	0	0
Ian Cherry	Cluster non-exec		30-35	0	5-6	5-10	0	0

Pay Multiples – Lancashire Cluster

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

The calculation is based on the full-time equivalent staff of NHS Central Lancashire as at 31 March 2013 on an annualised basis. Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions or the cash equivalent transfer value of pensions.

The PCT became a member of the Lancashire Cluster on 1 June 2011. The Cluster assumed management responsibilities for the PCT for 2012/13. The banded cost to the PCT of the highest paid director in the cluster in financial year 2012-13 was £40-45k (2011-12 £40-45k), the equivalent of 1.97 times (2011-12 2.23 times) the median remuneration of the workforce in 2012-13.

In 2012-13, 76 employees (2011-12 80 employees) earned more than the NHS Central Lancashire share of the highest paid director's remuneration.

Pension benefits

Pension entitlements - Cluster Directors

		Real increase/ (decrease) in pension at age 60 (bands of £2,500) £000	Real increase/ (decrease) in pension lump sum at age 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 value at 31 March 2013 £000	Cash equivalent transfer value at 31 March 2012 £000	Real increase/ (decrease) in cash equivalent transfer value £000	Employer's contribution to stakeholder pension £000
Ms Janet Soo-Chung	Chief Executive	(0-2.5)	(2.5-5)	55-60	165-170	1,064	999	12	nil
Dr Frank Atherton	Director of Public Health	(0-2.5)	(0-2.5)	35-40	115-120	775	753	(2)	nil
Mrs Sally Parnaby	Director of HR, OD & Partnerships	(0-2.5)	(2.5-5)	45-50	135-140	944	889	8	nil
Dr Jim Gardner	Medical Director	2.5-5	7.5-10	35-40	110-115	663	566	68	nil
Mr Gary Hardman	Director of Nursing	(0-2.5)	(0-2.5)	30-35	90-95	505	498	(6)	nil
Mr David Wharfe	Director of Finance	(0-2.5)	(2.5-5)	55-60	170-175	1,202	1,137	6	nil
Mr Mike Maguire	Director of Commissioning Development	(0-2.5)	(0-2.5)	35-40	110-115	648	606	4	nil
Ms Jane Higgs	Director of Performance	5-7.5	17.5-20	20-25	65-70	454	304	135	nil

Notes:

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

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

As Mr George Burgess and Mr Harry Catterall are members of the Local Government Pension Scheme, their superannuation details will appear in the Blackburn with Darwen Borough Council Statement of Accounts 2012/13 (please refer to www.blackburn.gov.uk).

Cash Equivalent Transfer Values

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

Real Increase in CETV

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

Off-Payroll Engagements

The PCT is required to report on certain off-payroll arrangements. NHS Central Lancashire had no off-payroll engagements requiring disclosure.

PCT Running Costs

	Commissioning Services	Public Health	Total
PCT Running Costs 2012-13			
Running costs (£000s)	18,594	1,833	20,427
Weighted population (number in units)	458,874	458,874	458,874
Running costs per head of population (£ per head)	40.52	3.99	44.52

PCT Running Costs 2011-12			
Running costs (£000s)	18,411	1,784	20,195
Weighted population (number in units)	458,874	458,874	458,874
Running costs per head of population (£ per head)	40.12	3.89	44.01

Better Payment Practice Code - 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	25,397	103,831	25,216	83,611
Total Non-NHS Trade Invoices Paid Within Target	25,182	102,806	24,752	81,334
Percentage of Non-NHS Trade Invoices Paid Within Target	99.2%	99.0%	98.2%	97.3%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	4,845	650,278	9,585	647,487
Total NHS Trade Invoices Paid Within Target	4,791	648,327	9,447	644,795
Percentage of NHS Trade Invoices Paid Within Target	98.9%	99.7%	98.6%	99.6%

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

The PCT are very pleased to report that it has paid 95% of its invoices within 30 days. The PCT has also signed up to the Prompt Payment Code.

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

External Audit Fees

The PCT's External Auditors for 2012/13 were Grant Thornton and their services for the year cost £136K. In addition, £21K was paid to the previous auditors, The Audit Commission, in respect of work on Payment by Results.

The breakdown of this expenditure is as follows:

	£'000
External Audit Services	136
Further Assurance Work	21

The work undertaken as part of External Audit Services encompasses all the work carried out under Grant Thornton's Audit Code, namely audit of the annual financial statements and the use of resources. During the year, both Grant Thornton and those charged with the governance of the PCT, have assessed the potential conflicts of interest. Both were able to conclude that none were found.

Directors' disclosure

Auditing standards require the directors to provide the external auditors with representations on certain matters material to their audit opinion. The directors have confirmed to such representations as necessary to the best of their knowledge and belief, having made appropriate enquiries of other directors and officers of the Trust. As such, each director has stated that as far as they are aware, there is no relevant audit information of which are unaware.

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

Register of Interests	
Janet Soo-Chung	Non-Executive Director of Government Equalities Division, Home Office
	Member of Advisory Board – Hunter Healthcare
Sally Parnaby	Governor Castle Park School, Kendal
Dr Jim Gardner	Nil return
Gary Hardman	Nil return
Frank Atherton	President – Association of Directors of Public Health
	President/Medical Adviser of Lancaster/Morecambe
	Member of Heysham Parochial Church Council
	School Governor – St Peters School, Heysham
David Wharfe	Nil return
Mike Maguire	Nil return
Graham Burgess	Nil return
Jane Higgs	Nil return
Peter Kenyon	Nil return
Roy Fisher	Chairman of Governors, Layton Primary School, Blackpool
Bill Gormley	Member of The Court of The University of Central Lancashire
	Honorary Fellow of the British International Association
Bob Huntbach	Nil return
Sir Bill Taylor	Chair – Blackburn College
	Non-Executive Director Community Business Partners
	Non-Executive Director RCU
	Mentor Enterprise 4All
	External Trustee Lancaster University Students Union
	Member Blackburn Golf Club
Ian Cherry	Managing Director A.I. Cherry Ltd Chartered Accountants and Registered Auditor
	Non-Executive Director of Institute of Chartered Accountants in England and Wales

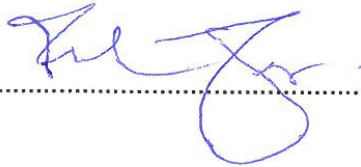
Statement Of The Responsibilities Of The Signing Officer Of The Primary Care Trust

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

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

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

Signed.....



Designated Signing Officer

6th June 2013

Independent auditor's report

We have examined the summary financial statement for the year ended 31 March 2013.

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

Respective responsibilities of accountable officer and auditor

The accountable officer is responsible for preparing the Annual Report.

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

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

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

Opinion

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

Grant Thornton UK LLP

4 Hardman Square

Spinningfields Manchester

M3 3EB

[Date]

Annual Governance Statement

The Annual Governance Statement has been prepared and submitted as a separate document to the annual report. If required, a full copy of the statement is available on request from:

Janet Jenkins

NHS England - Lancashire Area

2nd Floor Preston Business Centre

Watling Street Road

Fulwood Preston

PR2 8DY

Email: JanetJenkins@nhs.net



Department
of Health



Central Lancashire Primary Care Trust

2012-13 Accounts

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Central Lancashire Primary Care Trust

2012-13 Accounts

Foreword

NHS Central Lancashire

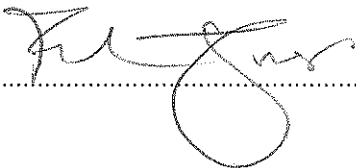
These accounts for the year ended 31 March 2013 have been prepared by NHS Central Lancashire under section 98(2) of the National Health Service Act 1977 in the form which the Secretary of State has, with the approval of the Treasury, directed.

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

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

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

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

Signed.....

Designated Signing Officer

6th June 2013

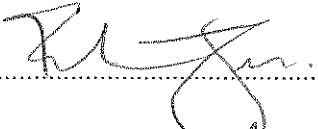
STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS


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

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

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

By order of the Permanent Secretary.

6th June 2013..........Signing Officer

6th June 2013..........Finance Signing Officer



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

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

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

- the table of salaries and allowances of senior managers and related narrative notes on pages 14 to 16;
- the table of pension benefits of senior managers and related narrative notes on pages 18 to 19; and
- the table of pay multiples and related narrative notes on page 17

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

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

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters

In our opinion:

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

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

Other matters on which we are required to conclude

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

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

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

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

Certificate

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



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

7 June 2013

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

	NOTE	2012-13 £000	2011-12 £000
Administration Costs and Programme Expenditure			
Gross employee benefits	7.1	18,917	19,221
Other costs	5.1	817,091	805,312
Income	4	(30,836)	(32,594)
Net operating costs before interest		805,172	791,939
Investment income	9	-	-
Other (Gains)/Losses	10	-	-
Finance costs	11	51	52
Net operating costs for the financial year		805,223	791,991
Transfers by absorption -(gains)		-	-
Transfers by absorption - losses		-	-
Net (gain)/loss on transfers by absorption		-	-
Net Operating Costs for the Financial Year including absorption transfers		805,223	791,991
Of which:			
Administration Costs			
Gross employee benefits	7.1	16,799	17,461
Other costs	5.1	11,376	13,954
Income	4	(7,753)	(11,279)
Net administration costs before interest		20,422	20,136
Investment income	9	-	-
Other (Gains)/Losses	10	-	-
Finance costs	11	-	-
Net administration costs for the financial year		20,422	20,136
Programme Expenditure			
Gross employee benefits	7.1	2,118	1,760
Other costs	5.1	805,715	791,358
Income	4	(23,083)	(21,315)
Net programme expenditure before interest		784,750	771,803
Investment income	9	-	-
Other (Gains)/Losses	10	-	-
Finance costs	11	51	52
Net programme expenditure for the financial year		784,801	771,855
Other Comprehensive Net Expenditure			
		2012-13 £000	2011-12 £000
Impairments and reversals put to the Revaluation Reserve		835	1,810
Net (gain) on revaluation of property, plant & equipment		(271)	(930)
Net (gain) on revaluation of intangibles		-	-
Net (gain) on revaluation of financial assets		-	-
Net (gain)/loss on other reserves		-	-
Net (gain)/loss on available for sale financial assets		-	-
Net (gain) /loss on Assets Held for Sale		-	-
Release of Reserves to Statement of Comprehensive Net Expenditure		-	-
Net actuarial (gain)/loss on pension schemes		-	-
Reclassification Adjustments			
Reclassification adjustment on disposal of available for sale financial assets		-	-
Total comprehensive net expenditure for the year		805,787	792,871

The notes on pages 7 to 45 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	35,260	36,073
Intangible assets	13	476	374
investment property	15	-	-
Other financial assets	21	-	-
Trade and other receivables	19	-	-
Total non-current assets		<u>35,736</u>	<u>36,447</u>
Current assets:			
Inventories	18	29	14
Trade and other receivables	19	13,854	16,752
Other financial assets	36	-	-
Other current assets	22	-	-
Cash and cash equivalents	23	-	1
Total current assets		<u>13,883</u>	<u>16,767</u>
Non-current assets held for sale	24	-	-
Total current assets		<u>13,883</u>	<u>16,767</u>
Total assets		<u>49,619</u>	<u>53,214</u>
Current liabilities			
Trade and other payables	25	(38,314)	(37,483)
Other liabilities	26,28	-	-
Provisions	32	(5,803)	(7,418)
Borrowings	27	(1)	-
Other financial liabilities	36.2	-	-
Total current liabilities		<u>(44,118)</u>	<u>(44,901)</u>
Non-current assets plus/less net current assets/liabilities		<u>5,501</u>	<u>8,313</u>
Non-current liabilities			
Trade and other payables	25	-	(17)
Other Liabilities	28	-	-
Provisions	32	(10,629)	(3,967)
Borrowings	27	-	-
Other financial liabilities	36.2	-	-
Total non-current liabilities		<u>(10,629)</u>	<u>(3,984)</u>
Total Assets Employed:		<u>(5,128)</u>	<u>4,329</u>
Financed by taxpayers' equity:			
General fund		(9,425)	(712)
Revaluation reserve		4,297	5,041
Other reserves		-	-
Total taxpayers' equity:		<u>(5,128)</u>	<u>4,329</u>

The notes on pages 7 to 45 form part of this account.

The financial statements on pages 3 to 6 were approved by the audit subcommittee of the Department of Health on 6th June 2013 and signed on its behalf by

Designated Signing Officer



Date: 6th June 2013

**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	(712)	5,041	-	4,329
Changes in taxpayers' equity for 2012-13				
Net operating cost for the year	(805,223)			(805,223)
Net gain on revaluation of property, plant, equipment		271		271
Net gain on revaluation of intangible assets		-		-
Net gain on revaluation of financial assets		-		-
Net gain on revaluation of assets held for sale		-		-
Impairments and reversals		(835)		(835)
Movements in other reserves			-	-
Transfers between reserves*	180	(180)		-
Release of Reserves to SoCNE		-		-
Reclassification Adjustments				
Transfers between Revaluation Reserve & General Fund in respect of assets transferred under absorption	-	-		-
Net actuarial gain/(loss) on pensions	-		-	-
Total recognised income and expense for 2012-13	(805,043)	(744)	-	(805,787)
Net Parliamentary funding	796,330			796,330
Balance at 31 March 2013	(9,425)	4,297	-	(5,128)
Balance at 1 April 2011	(851)	5,921	-	5,070
Changes in taxpayers' equity for 2011-12				
Net operating cost for the year	(791,991)			(791,991)
Net Gain / (loss) on Revaluation of Property, Plant and		930		930
Net Gain / (loss) on Revaluation of Intangible Assets		-		-
Net Gain / (loss) on Revaluation of Financial Assets		-		-
Net Gain / (loss) on Assets Held for Sale		-		-
Impairments and Reversals		(1,810)		(1,810)
Movements in other reserves			-	-
Transfers between reserves*	-	-		-
Release of Reserves to Statement of Comprehensive Net Expenditure		-		-
Reclassification Adjustments				
Transfers to/(from) Other Bodies within the Resource Account Boundary	-	-	-	-
On disposal of available for sale financial assets	-	-	-	-
Net actuarial gain/(loss) on pensions	-		-	-
Total recognised income and expense for 2011-12	(791,991)	(880)	-	(792,871)
Net Parliamentary funding	792,130			792,130
Balance at 31 March 2012	(712)	5,041	-	4,329

**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	(805,172)	(791,939)
Depreciation and Amortisation	1,870	1,972
Impairments and Reversals	906	340
Other Gains / (Losses) on foreign exchange	-	-
Donated Assets received credited to revenue but non-cash	-	-
Government Granted Assets received credited to revenue but non-cash	-	-
Interest Paid	-	-
Release of PFI/deferred credit	-	-
(Increase)/Decrease in Inventories	(15)	331
(Increase)/Decrease in Trade and Other Receivables	2,898	(5,960)
(Increase)/Decrease in Other Current Assets	-	-
Increase/(Decrease) in Trade and Other Payables	89	(630)
(Increase)/Decrease in Other Current Liabilities	-	-
Provisions Utilised	(3,347)	(676)
Increase/(Decrease) in Provisions	8,343	7,429
Net Cash Inflow/(Outflow) from Operating Activities	(794,428)	(789,133)
Cash flows from investing activities		
Interest Received	-	-
(Payments) for Property, Plant and Equipment	(2,646)	(3,192)
(Payments) for Intangible Assets	(231)	(107)
(Payments) for Other Financial Assets	-	-
(Payments) for Financial Assets (LIFT)	-	-
Proceeds of disposal of assets held for sale (PPE)	973	300
Proceeds of disposal of assets held for sale (Intangible)	-	-
Proceeds from Disposal of Other Financial Assets	-	-
Proceeds from the disposal of Financial Assets (LIFT)	-	-
Loans Made in Respect of LIFT	-	-
Loans Repaid in Respect of LIFT	-	-
Rental Revenue	-	-
Net Cash Inflow/(Outflow) from Investing Activities	(1,904)	(2,999)
Net cash inflow/(outflow) before financing	(796,332)	(792,132)
Cash flows from financing activities		
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT	-	-
Net Parliamentary Funding	796,330	792,130
Capital Receipts Surrendered	-	-
Capital grants and other capital receipts	-	-
Cash Transferred (to)/from Other NHS Bodies (free text note required)	-	-
Net Cash Inflow/(Outflow) from Financing Activities	796,330	792,130
Net increase/(decrease) in cash and cash equivalents	(2)	(2)
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period	1	3
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies	-	-
Cash and Cash Equivalents (and Bank Overdraft) at year end	(1)	1

1. Accounting policies

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

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

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

As a consequence of the Health and Social Care Act 2012, Central Lancashire Primary Care Trust was dissolved on 31 March 2013. Its functions were transferred to various new or existing public sector entities. The Secretary of State has directed that, where Parliamentary funding continues to be voted to permit the relevant services to be carried out elsewhere in the public sector, this is normally sufficient evidence of going concern. As a result Central Lancashire Primary Care Trust has prepared these financial statements on a going concern basis

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

Critical judgements in applying accounting policies

The accounts do not include any critical judgements.

Key sources of estimation uncertainty

The PCT has been required to make a number of key estimations at the Statement of Financial Position date, of which, the material entries relate to estimations around final prescribing expenditure, final contracting activity where final year-end information was not available, potential continuing care restitution cases and NHS reorganisation costs.

Prescribing data is received two months in arrears. The PCT makes an estimate of costs for the final two months of the year based on trends in previous years.

NHS providers of secondary care are required to estimate activity attributable to the PCT at year end. The PCT endeavours to gain firm agreement with contracted providers for inclusion in the accounts. In addition, a provision is made for non-contracted activity based on past trends. Historically this has proved substantially accurate.

In 2007 a framework established NHS responsibility for funding continuing health care costs. The Department of Health set a deadline of September 2012 for submission of claims under this framework. A sample of claims outstanding at year end has been assessed and provision made for the likely value of successful claims based on this sample.

The PCT has completed a restructuring exercise prior to the transfer of its functions to successor bodies on 1 April 2013. All new staff structures have been agreed and all displaced staff have left the PCT as at 31 March. The PCT does not consider any further provision necessary.

1. Accounting policies (continued)

1.2 Revenue and Funding

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

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

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

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

1.3 Pooled budgets

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

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

The PCT is host to the Lancashire Drug and Alcohol Action Team, jointly funded by the NHS and Local Authority.

1.4 Taxation

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

1.5 Administration and Programme Costs

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

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

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

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

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

1.6 Property, Plant & Equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

1. Accounting policies (continued)

1.6 Property, Plant & Equipment (continued)

Valuation

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

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

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

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

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

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

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

Subsequent expenditure

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

1. Accounting policies (continued)

1.7 Intangible Assets

Recognition

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

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

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

Measurement

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

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

1.8 Depreciation, amortisation and impairments

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

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

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

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

1. Accounting policies (continued)

1.8 Depreciation, amortisation and impairments (continued)

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.

1.9 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 PCT'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 PCTs 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 PCTs.

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

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

Retirement benefit costs

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

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

1. Accounting policies (continued)

1.14 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.

1.15 Grant making

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

1.16 Contingencies

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

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

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

1.17 Leases

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

The PCT as lessee

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

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

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

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

The PCT as lessor

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

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

1.18 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. Accounting policies (continued)

1.19 Provisions

Provisions are recognised when the PCT has a present legal or constructive obligation as a result of a past event, it is probable that the PCT will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of between -1.8% and +2.2% (2.35% in respect of early staff departures) in real terms.

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

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

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

1.20 Financial Instruments

Financial assets

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

Financial assets are initially recognised at fair value.

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

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.

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.

1. Accounting policies (continued)

1.20 Financial Instruments (continued)

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

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

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

Financial liabilities

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

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.

1.21 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

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

The PCT had one operating segment during the financial year 2012-13, that of commissioning healthcare.

There were two bodies with whom the PCT had transactions which amounted to more than 10% of total expenditure, namely:

	2012-13 £000
Lancashire Teaching Hospitals	214,657
Lancashire Care NHS FT	108,432

3. Financial Performance Targets

3.1 Revenue Resource Limit

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

	2012-13 £000	2011-12 £000
Total Net Operating Cost for the Financial Year	791,991	791,991
Net operating cost plus (gain)/loss on transfers by absorption	805,223	-
Adjusted for prior period adjustments in respect of errors	-	-
Revenue Resource Limit	808,999	795,653
Under/(Over)spend Against Revenue Resource Limit (RRL)	<u>3,776</u>	<u>3,662</u>

3.2 Capital Resource Limit

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

	2012-13 £000	2011-12 £000
Capital Resource Limit	2,962	2,528
Charge to Capital Resource Limit	2,629	2,258
(Over)/Underspend Against CRL	<u>333</u>	<u>270</u>

3.3 Under/(Over)spend against cash limit

	2012-13 £000	2011-12 £000
Total Charge to Cash Limit	796,330	792,130
Cash Limit	796,330	792,130
Under/(Over)spend Against Cash Limit	<u>-</u>	<u>-</u>

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

	2012-13 £000
Total cash received from DH (Gross)	691,403
Less: Trade Income from DH	-
Less/(Plus): movement in DH working balances	-
Sub total: net advances	<u>691,403</u>
(Less)/plus: transfers (to)/from other resource account bodies (free text note required)	-
Plus: cost of Dentistry Schemes (central charge to cash limits)	18,868
Plus: drugs reimbursement (central charge to cash limits)	86,059
Parliamentary funding credited to General Fund	<u>796,330</u>

4. Miscellaneous Revenue

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Fees and Charges	-	-	-	-
Dental Charge income from Contractor-Led GDS & PDS	6,323	-	6,323	6,490
Dental Charge income from Trust-Led GDS & PDS	-	-	-	-
Prescription Charge income	4,204	-	4,204	3,999
Strategic Health Authorities	70	14	56	82
NHS Trusts	721	18	703	666
NHS Foundation Trusts	2,837	(27)	2,864	3,999
Primary Care Trusts Contributions to DATs	5,252	-	5,252	3,052
Primary Care Trusts - Other	7,439	6,817	622	6,095
Primary Care Trusts - Lead Commissioning	496	236	260	1,135
English RAB Special Health Authorities	-	-	-	-
NDPBs and Others (CGA)	-	-	-	-
Department of Health - SMPTB	-	-	-	-
Department of Health - Other	-	-	-	-
Recoveries in respect of employee benefits	260	260	-	123
Local Authorities	934	-	934	4,250
Patient Transport Services	-	-	-	-
Education, Training and Research	298	-	298	291
Non-NHS: Private Patients	-	-	-	-
Non-NHS: Overseas Patients (Non-Reciprocal)	-	-	-	-
NHS Injury Costs Recovery	-	-	-	-
Other Non-NHS Patient Care Services	-	-	-	-
Charitable and Other Contributions to Expenditure	222	-	222	305
Receipt of donated assets	-	-	-	-
Receipt of Government granted assets	-	-	-	-
Rental revenue from finance leases	-	-	-	-
Rental revenue from operating leases	330	28	302	317
Other revenue	1,450	407	1,043	1,790
Total miscellaneous revenue	30,836	7,753	23,083	32,594

5. Operating Costs

5.1 Analysis of operating costs:

	2012-13	2012-13	2012-13	2011-12
	Total	Admin	Programme	Total
	£000	£000	£000	£000
Goods and Services from Other PCTs				
Healthcare	91,227		91,227	81,455
Non-Healthcare	928	928	-	1,004
Total	92,155	928	91,227	82,459
Goods and Services from Other NHS Bodies other than FTs				
Goods and services from NHS Trusts	71,666	49	71,617	69,602
Goods and services (other, excl Trusts, FT and PCT)	485	476	9	13,974
Total	72,151	525	71,626	83,576
Goods and Services from Foundation Trusts	363,497	176	363,321	354,436
Purchase of Healthcare from Non-NHS bodies	70,106	-	70,106	63,663
Social Care from Independent Providers	-	-	-	-
Expenditure on Drugs Action Teams	19,460	-	19,460	19,484
Non-GMS Services from GPs	593	-	593	605
Contractor Led GDS & PDS (excluding employee benefits)	24,696	-	24,696	25,682
Salaried Trust-Led PDS & PCT DS (excluding employee benefits)	250	-	250	316
Chair, Non-executive Directors & PEC remuneration	106	106	-	107
Executive committee members costs	60	60	-	168
Consultancy Services	1,133	1,090	43	789
Prescribing Costs	72,047	-	72,047	75,795
G/PMS, APMS and PCTMS (excluding employee benefits)	59,638	-	59,638	59,313
Pharmaceutical Services	-	-	-	-
Local Pharmaceutical Services Pilots	-	-	-	-
New Pharmacy Contract	19,352	-	19,352	19,155
General Ophthalmic Services	4,383	-	4,383	4,100
Supplies and Services - Clinical	50	-	50	8
Supplies and Services - General	94	92	2	118
Establishment	3,184	3,094	90	2,871
Transport	106	106	-	109
Premises	5,723	1,749	3,974	4,381
Impairments & Reversals of Property, plant and equipment	906	-	906	340
Impairments and Reversals of non-current assets held for sale	-	-	-	-
Depreciation	1,737	1,211	526	1,855
Amortisation	133	-	133	117
Impairment & Reversals Intangible non-current assets	-	-	-	-
Impairment and Reversals of Financial Assets	-	-	-	-
Impairment of Receivables	(100)	(100)	-	(399)
Inventory write offs	-	-	-	-
Research and Development Expenditure	-	-	-	-
Audit Fees	136	136	-	207
Other Auditors Remuneration	21	21	-	36
Clinical Negligence Costs	-	-	-	-
Education and Training	12	12	-	13
Grants for capital purposes	26	-	26	154
Grants for revenue purposes	2,107	-	2,107	2,100
Impairments and reversals for investment properties	-	-	-	-
Other	3,329	2,170	1,159	3,754
Total Operating costs charged to Statement of Comprehensive				
Net Expenditure	817,091	11,376	805,715	805,312
Employee Benefits (excluding capitalised costs)				
Employee Benefits associated with PCTMS	-	-	-	-
Trust led PDS and PCT DS	-	-	-	-
PCT Officer Board Members	255	255	-	424
Other Employee Benefits	18,662	16,544	2,118	18,797
Total Employee Benefits charged to SOCNE	18,917	16,799	2,118	19,221
Total Operating Costs	836,008	28,175	807,833	824,533

5.1 Analysis of operating costs (continued):

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 Total £000
Analysis of grants reported in total operating costs				
For capital purposes				
Grants to fund Capital Projects - GMS	-	-	-	-
Grants to Local Authorities to Fund Capital Projects	-	-	-	-
Grants to Private Sector to Fund Capital Projects	26	-	26	154
Grants to Fund Capital Projects - Dental	-	-	-	-
Grants to Fund Capital Projects - Other	-	-	-	-
Total Capital Grants	26	-	26	154
Grants to fund revenue expenditure				
To Local Authorities	-	-	-	-
To Private Sector	-	-	-	-
To Other	2,107	-	2,107	2,100
Total Revenue Grants	2,107	-	2,107	2,100
Total Grants	2,133	-	2,133	2,254

	Total	Commissioning Services	Public Health
PCT Running Costs 2012-13			
Running costs (£000s)	20,427	18,594	1,833
Weighted population (number in units)*	458,874	458,874	458,874
Running costs per head of population (£ per head)	44.52	40.52	3.99
PCT Running Costs 2011-12			
Running costs (£000s)	20,195	18,411	1,784
Weighted population (number in units)	458,874	458,874	458,874
Running costs per head of population (£ per head)	44.01	40.12	3.89

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

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

5.2 Analysis of operating expenditure by expenditure classification

	2012-13	2011-12
	£000	£000
Purchase of Primary Health Care		
GMS / PMS/ APMS / PCTMS	59,638	59,313
Prescribing costs	72,047	75,795
Contractor led GDS & PDS	24,696	25,374
Trust led GDS & PDS	250	316
General Ophthalmic Services	4,383	4,100
Department of Health Initiative Funding	-	-
Pharmaceutical services	-	-
Local Pharmaceutical Services Pilots	-	-
New Pharmacy Contract	19,352	19,154
Non-GMS Services from GPs	593	605
Other	2,360	3,452
Total Primary Healthcare purchased	183,319	188,109
Purchase of Secondary Healthcare		
Learning Difficulties	11,200	13,006
Mental Illness	88,016	85,402
Maternity	20,172	21,011
General and Acute	337,744	327,905
Accident and emergency	26,382	25,062
Community Health Services	102,913	101,641
Other Contractual	21,904	19,069
Total Secondary Healthcare Purchased	608,331	593,096
Grant Funding		
Grants for capital purposes	26	154
Grants for revenue purposes	2,107	2,100
Total Healthcare Purchased by PCT	793,783	783,459
PCT self-provided secondary healthcare included above	-	-
Social Care from Independent Providers	-	-
Healthcare from NHS FTs included above	363,121	353,654

6. Operating Leases

The PCT's leases are all on normal commercial arrangements.

6.1 PCT as lessee	Land £000	Buildings £000	Other £000	2012-13	2011-12
				Total £000	£000
Payments recognised as an expense					
Minimum lease payments				2,672	3,046
Contingent rents				-	-
Sub-lease payments				-	-
Total				2,672	3,046
Payable:					
No later than one year	-	2,231	76	2,307	2,440
Between one and five years	-	5,892	50	5,942	6,832
After five years	-	15,814	-	15,814	15,420
Total	-	23,937	126	24,063	24,692

Total future sublease payments expected to be received

-

6.2 PCT as lessor

Recognised as income	2012-13	2011-12
	£000	£000
Rental Revenue	330	317
Contingent rents	-	-
Total	330	317
Receivable:		
No later than one year	688	371
Between one and five years	1,429	458
After five years	4,206	291
Total	6,323	1,120

7. Employee benefits and staff numbers

7.1 Employee benefits

	2012-13								
	Permanently employed						Other		
	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
Employee Benefits - Gross Expenditure									
Salaries and wages	15,840	14,135	1,705	14,843	13,244	1,599	997	891	106
Social security costs	1,180	1,015	165	1,180	1,015	165	-	-	-
Employer Contributions to NHS BSA - Pensions Division	1,823	1,649	174	1,823	1,649	174	-	-	-
Other pension costs	-	-	-	-	-	-	-	-	-
Other post-employment benefits	-	-	-	-	-	-	-	-	-
Other employment benefits	-	-	-	-	-	-	-	-	-
Termination benefits	74	-	74	74	-	74	-	-	-
Total employee benefits	18,917	16,799	2,118	17,920	15,908	2,012	997	891	106
Less recoveries in respect of employee benefits (table below)	(260)	(260)	-	-	-	-	(260)	(260)	-
Total - Net Employee Benefits including capitalised costs	18,657	16,539	2,118	17,920	15,908	2,012	737	631	106
Employee costs capitalised	-	-	-	-	-	-	-	-	-
Gross Employee Benefits excluding capitalised costs	18,917	16,799	2,118	17,920	15,908	2,012	997	891	106
Recognised as:									
Commissioning employee benefits	18,917	-	-	17,920	-	-	997	-	-
Provider employee benefits	-	-	-	-	-	-	-	-	-
Gross Employee Benefits excluding capitalised costs	18,917	-	-	17,920	-	-	997	-	-
	2012-13								
	Permanently employed						Other		
	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
Employee Benefits - Revenue									
Salaries and wages	260	260	-	-	-	-	260	260	-
Social Security costs	-	-	-	-	-	-	-	-	-
Employer Contributions to NHS BSA - Pensions Division	-	-	-	-	-	-	-	-	-
Other pension costs	-	-	-	-	-	-	-	-	-
Other Post Employment Benefits	-	-	-	-	-	-	-	-	-
Other Employment Benefits	-	-	-	-	-	-	-	-	-
Termination Benefits	-	-	-	-	-	-	-	-	-
TOTAL excluding capitalised costs	260	260	-	-	-	-	260	260	-

7.1 Employee benefits (continued)

Employee Benefits - Prior- year

	Total £000	2011-12 Permanently employed £000	Other £000
Employee Benefits Gross Expenditure 2011-12			
Salaries and wages	13,743	13,282	461
Social security costs	1,636	1,636	-
Employer Contributions to NHS BSA - Pensions Divisor	2,870	2,870	-
Other pension costs	-	-	-
Other post-employment benefits	-	-	-
Other employment benefits	-	-	-
Termination benefits	972	972	-
Total gross employee benefits	19,221	18,760	461
Less recoveries in respect of employee benefits	(123)	(123)	-
Total - Net Employee Benefits including capitalised costs	19,098	18,637	461
Employee costs capitalised	-	-	-
Gross Employee Benefits excluding capitalised costs	19,221	18,760	461
Recognised as:			
Commissioning employee benefits	19,221		
Provider employee benefits	-		
Gross Employee Benefits excluding capitalised costs	19,221		

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						
Medical and dental	4	4	-	8	8	-
Ambulance staff	-	-	-	-	-	-
Administration and estates	457	431	26	448	435	13
Healthcare assistants and other support staff	25	25	-	29	29	-
Nursing, midwifery and health visiting staff	11	9	2	9	5	4
Nursing, midwifery and health visiting learners	-	-	-	-	-	-
Scientific, therapeutic and technical staff	9	9	-	7	7	-
Social Care Staff	-	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL	507	478	29	501	484	17

Of the above - staff engaged on capital projects - - - - -

7.3 Staff Sickness absence and ill health retirements

	2012-13 Number	2011-12 Number
Total Days Lost	3,237	3,716
Total Staff Years	509	304
Average working Days Lost	6.36	12.22
	2012-13 Number	2011-12 Number
Number of persons retired early on ill health grounds	2	4
	£000s	£000s
Total additional pensions liabilities accrued in the year	201	341

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
Lees than £10,000	-	3	3	1	-	1
£10,001-£25,000	2	3	5	-	1	1
£25,001-£50,000	6	12	18	1	-	1
£50,001-£100,000	1	9	10	2	2	4
£100,001 - £150,000	3	-	3	-	-	-
£150,001 - £200,000	3	1	4	-	-	-
>£200,000	-	-	-	1	-	1
Total number of exit packages by type (total cost)	15	28	43	5	3	8
	£s	£s	£s	£s	£s	£s
Total resource cost	1,255,061	1,254,779	2,509,840	452,000	179,000	631,000

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

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

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

The organisations where the full costs have been reported are:-

North Lancashire Primary Care Trust
Ashton, Leigh and Wigan Primary Care Trust.

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	25,397	103,831	25,216	83,611
Total Non-NHS Trade Invoices Paid Within Target	25,182	102,806	24,752	81,334
Percentage of NHS Trade Invoices Paid Within Target	99.2%	99.0%	98.2%	97.3%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	4,845	650,278	9,585	647,487
Total NHS Trade Invoices Paid Within Target	4,791	648,327	9,447	644,795
Percentage of NHS Trade Invoices Paid Within Target	98.9%	99.7%	98.6%	99.6%

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

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

The PCT made no payments in respect of this legislation.

9. Investment Income

The PCT has no investment income to disclose.

10. Other Gains and Losses

The PCT has no other gains and losses to disclose.

11. Finance Costs

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Interest				
Interest on obligations under finance leases	-	-	-	-
Interest on obligations under PFI contracts:				
- main finance cost	-	-	-	-
- contingent finance cost	-	-	-	-
Interest on obligations under LIFT contracts:				
- main finance cost	-	-	-	-
- contingent finance cost	-	-	-	-
Interest on late payment of commercial debt	-	-	-	-
Other interest expense	-	-	-	-
Total interest expense	-	-	-	-
Other finance costs	-	-	-	-
Provisions - unwinding of discount	51	-	51	52
Total	51	-	51	52

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
Cost or valuation:									
At 1 April 2012	8,802	26,165	86	888	1,888	10	6,764	1,874	46,477
Additions of Assets Under Construction	-	-	-	548	-	-	-	-	548
Additions Purchased	-	1,286	-	-	102	-	1,383	52	2,823
Additions Donated	-	-	-	-	-	-	-	-	-
Additions Government Granted	-	-	-	-	-	-	-	-	-
Additions Leased	-	-	-	-	-	-	-	-	-
Reclassifications	-	1,432	-	(888)	923	-	(1,131)	(336)	-
Reclassifications as Held for Sale	-	-	-	-	-	-	-	-	-
Disposals other than for sale	(837)	(83)	-	-	(959)	-	(2,767)	(27)	(4,673)
Upward revaluation/positive indexation	191	80	-	-	-	-	-	-	271
Impairments/negative indexation	(290)	(545)	-	-	-	-	-	-	(835)
Reversal of Impairments	-	-	-	-	-	-	-	-	-
Transfers (to)/from Other Public Sector Bodies	-	-	-	-	-	-	-	-	-
At 31 March 2013	7,866	28,335	86	548	1,954	10	4,249	1,563	44,611
Depreciation									
At 1 April 2012	390	2,497	86	-	1,600	10	5,122	699	10,404
Reclassifications	-	196	-	-	653	-	(730)	(119)	-
Reclassifications as Held for Sale	-	-	-	-	-	-	-	-	-
Disposals other than for sale	-	-	-	-	(898)	-	(2,782)	(16)	(3,696)
Upward revaluation/positive indexation	-	-	-	-	-	-	-	-	-
Impairments	-	1,196	-	-	-	-	-	-	1,196
Reversal of Impairments	(290)	-	-	-	-	-	-	-	(290)
Charged During the Year	-	832	-	-	312	-	455	138	1,737
Transfers (to)/from Other Public Sector Bodies	-	-	-	-	-	-	-	-	-
At 31 March 2013	100	4,721	86	-	1,667	10	2,065	702	9,351
Net Book Value at 31 March 2013	7,766	23,614	-	548	287	-	2,184	861	35,260
Purchased	7,766	23,614	-	548	287	-	2,184	861	35,260
Donated	-	-	-	-	-	-	-	-	-
Government Granted	-	-	-	-	-	-	-	-	-
Total at 31 March 2013	7,766	23,614	-	548	287	-	2,184	861	35,260
Asset financing:									
Owned	7,766	23,614	-	548	287	-	2,184	861	35,260
Held on finance lease	-	-	-	-	-	-	-	-	-
On-SQFP PFI contracts	-	-	-	-	-	-	-	-	-
PFI residual interests	-	-	-	-	-	-	-	-	-
Total at 31 March 2013	7,766	23,614	-	548	287	-	2,184	861	35,260

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2012	2,561	2,398	-	-	47	-	-	35	5,041
Movements: revaluation and disposal of property	(229)	(509)	-	-	(1)	-	-	(5)	(744)
At 31 March 2013	2,332	1,889	-	-	46	-	-	30	4,297

Additions to Assets Under Construction in 2012-13

	£000
Land	-
Buildings excl Dwellings	548
Dwellings	-
Plant & Machinery	-
Balance as at 31 March 2013	548

12.2 Property, plant and equipment

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:									
At 1 April 2011	9,101	26,073	127	-	1,863	10	6,294	1,738	45,206
Additions - purchased	-	932	-	888	25	-	470	136	2,451
Additions - donated	-	-	-	-	-	-	-	-	-
Additions - government granted	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Reclassified as held for sale	-	-	-	-	-	-	-	-	-
Disposals other than by sale	(200)	(100)	-	-	-	-	-	-	(300)
Revaluation & indexation gains	180	750	-	-	-	-	-	-	930
Impairments	(279)	(1,490)	(41)	-	-	-	-	-	(1,810)
Reversals of impairments	-	-	-	-	-	-	-	-	-
In-year transfers to/from NHS bodies	-	-	-	-	-	-	-	-	-
Cumulative dep netted off cost following revaluation	-	-	-	-	-	-	-	-	-
At 31 March 2012	8,802	26,165	86	888	1,888	10	6,764	1,874	46,477
Depreciation									
At 1 April 2011	175	1,660	4	-	1,431	10	4,387	542	8,209
Reclassifications									
Reclassifications as Held for Sale	-	-	-	-	-	-	-	-	-
Disposals other than for sale	-	-	-	-	-	-	-	-	-
Upward revaluation/positive indexation	-	-	-	-	-	-	-	-	-
Impairments	215	47	78	-	-	-	-	-	340
Reversal of Impairments	-	-	-	-	-	-	-	-	-
Charged During the Year	-	790	4	-	169	-	735	157	1,855
In-year transfers to/from NHS bodies	-	-	-	-	-	-	-	-	-
Cumulative dep netted off cost following revaluation	-	-	-	-	-	-	-	-	-
At 31 March 2012	390	2,497	86	-	1,600	10	5,122	699	10,404
Net Book Value at 31 March 2012	8,412	23,668	-	888	288	-	1,642	1,175	36,073
Purchased	8,412	23,668	-	888	288	-	1,642	1,175	36,073
Donated	-	-	-	-	-	-	-	-	-
Government Granted	-	-	-	-	-	-	-	-	-
At 31 March 2012	8,412	23,668	-	888	288	-	1,642	1,175	36,073
Asset financing:									
Owned	8,412	23,668	-	888	288	-	1,642	1,175	36,073
Held on finance lease	-	-	-	-	-	-	-	-	-
On-SOFP PFI contracts	-	-	-	-	-	-	-	-	-
PFI residual: interests	-	-	-	-	-	-	-	-	-
At 31 March 2012	8,412	23,668	-	888	288	-	1,642	1,175	36,073

12.3 Property, plant and equipment

Land and buildings have been revalued by the District Valuer in accordance with HM Treasury's approach based on modern equivalent assets. An in-year valuation has been undertaken for the movement to the 31 March 2013. These valuations have been applied in the financial position. Of the totals at 31 March 2013, £1,496,000 related to land and buildings valued at open market value.

The valuation resulted in impairments during the year for which resource cover was received.

Land and buildings includes a property held on a finance lease which was historically funded by a government grant. The rent arrangements are defined as 'the yearly rent of a peppercorn (if demanded)'. As such, there are no finance lease obligations disclosed in Note 30 with regard to this property.

Economic Lives of Property, plant and equipment

	Minimum Life (years)	Maximum Life (years)
Buildings excl. Dwellings	4	62
Dwellings	15	42
Plant and Machinery	5	10
Transport Equipment	0	0
Information Technology	5	5
Furniture and Fittings	5	14

Open Market Value of Assets at balance sheet date

	Land	Buildings excl. dwellings	Dwellings	Total
	£000s	£000s	£000s	£000s
Open Market Value at 31 March 2013	1,495,674	0	0	1,495,674
Open Market Value at 31 March 2012	1,545,000	0	0	1,545,000

13.1 Intangible non-current assets

	Software internally generated £000	Software purchased £000	Licences & trademarks £000	Patents £000	Development expenditure £000	Total £000
2012-13						
At 1 April 2012	-	1,316	-	-	-	1,316
Additions - purchased	-	231	-	-	-	231
Additions - internally generated	-	-	-	-	-	-
Additions - donated	-	-	-	-	-	-
Additions - government granted	-	-	-	-	-	-
Additions Leased	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Reclassified as held for sale	-	-	-	-	-	-
Disposals other than by sale	-	(807)	-	-	-	(807)
Revaluation & indexation gains	-	-	-	-	-	-
Impairments	-	-	-	-	-	-
Reversal of impairments	-	-	-	-	-	-
In-year transfers to/from NHS bodies	-	-	-	-	-	-
At 31 March 2013	-	740	-	-	-	740
Amortisation						
At 1 April 2012	-	942	-	-	-	942
Reclassifications	-	-	-	-	-	-
Reclassified as held for sale	-	-	-	-	-	-
Disposals other than by sale	-	(811)	-	-	-	(811)
Revaluation or indexation gains	-	-	-	-	-	-
Impairments charged to operating expenses	-	-	-	-	-	-
Reversal of impairments charged to operating expenses	-	-	-	-	-	-
Charged during the year	-	133	-	-	-	133
In-year transfers to NHS bodies	-	-	-	-	-	-
At 31 March 2013	-	264	-	-	-	264
Net Book Value at 31 March 2013	-	476	-	-	-	476
Net Book Value at 31 March 2013 comprises						
Purchased	-	476	-	-	-	476
Donated	-	-	-	-	-	-
Government Granted	-	-	-	-	-	-
Total at 31 March 2013	-	476	-	-	-	476

Revaluation reserve balance for intangible non-current assets

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

13.2 Intangible non-current assets

	Software internally generated £000	Software purchased £000	Licences & trademarks £000	Patents £000	Development expenditure £000	Total £000
2011-12						
At 1 April 2011	-	1,209	-	-	-	1,209
Additions - purchased	-	107	-	-	-	107
Additions - internally generated	-	-	-	-	-	-
Additions - donated	-	-	-	-	-	-
Additions - government granted	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Reclassified as held for sale	-	-	-	-	-	-
Disposals other than by sale	-	-	-	-	-	-
Revaluation & indexation gains	-	-	-	-	-	-
Impairments	-	-	-	-	-	-
Reversal of impairments	-	-	-	-	-	-
In-year transfers to/from NHS bodies	-	-	-	-	-	-
Cumulative dep netted off cost following revaluation	-	-	-	-	-	-
At 31 March 2012	-	1,316	-	-	-	1,316
Amortisation						
At 1 April 2011	-	825	-	-	-	825
Reclassifications	-	-	-	-	-	-
Reclassified as held for sale	-	-	-	-	-	-
Disposals other than by sale	-	-	-	-	-	-
Revaluation or indexation gains	-	-	-	-	-	-
Impairments charged to operating expenses	-	-	-	-	-	-
Reversal of impairments charged to operating expenses	-	-	-	-	-	-
Charged during the year	-	117	-	-	-	117
In-year transfers to NHS bodies	-	-	-	-	-	-
Less cumulative dep written down on revaluation	-	-	-	-	-	-
At 31 March 2012	-	942	-	-	-	942
Net Book Value at 31 March 2012	-	374	-	-	-	374
Net Book Value at 31 March 2012 comprises						
Purchased	-	374	-	-	-	374
Donated	-	-	-	-	-	-
Government Granted	-	-	-	-	-	-
Total at 31 March 2012	-	374	-	-	-	374

13.3 Intangible non-current assets

Economic Lives of Intangible Assets

	Min Life Years	Max Life Years
Software Licences	5	5
Licences and Trademarks	0	0
Patents	0	0
Development Expenditure	0	0

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

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000
Property, Plant and Equipment impairments and reversals taken to SoCNE			
Loss or damage resulting from normal operations	-	-	-
Over-specification of assets	-	-	-
Abandonment of assets in the course of construction	-	-	-
Total charged to Departmental Expenditure Limit	-	-	-
Unforeseen obsolescence	-	-	-
Loss as a result of catastrophe	-	-	-
Other	-	-	-
Changes in market price	906	-	906
Total charged to Annually Managed Expenditure	906	-	906
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve			
Loss or damage resulting from normal operations	-	-	-
Over Specification of Assets	-	-	-
Abandonment of assets in the course of construction	-	-	-
Unforeseen obsolescence	-	-	-
Loss as a result of catastrophe	-	-	-
Other	-	-	-
Changes in market price	835	-	-
Total impairments for PPE charged to reserves	835	-	-
Total Impairments of Property, Plant and Equipment	1,741	-	906
Intangible assets impairments and reversals charged to SoCNE			
Loss or damage resulting from normal operations	-	-	-
Over-specification of assets	-	-	-
Abandonment of assets in the course of construction	-	-	-
Total charged to Departmental Expenditure Limit	-	-	-
Unforeseen obsolescence	-	-	-
Loss as a result of catastrophe	-	-	-
Other	-	-	-
Changes in market price	-	-	-
Total charged to Annually Managed Expenditure	-	-	-
Intangible Assets impairments and reversals charged to the Revaluation Reserve			
Loss or damage resulting from normal operations	-	-	-
Over-specification of assets	-	-	-
Abandonment of assets in the course of construction	-	-	-
Unforeseen obsolescence	-	-	-
Loss as a result of catastrophe	-	-	-
Other	-	-	-
Changes in market price	-	-	-
Total impairments for Intangible Assets charged to Reserves	-	-	-
Total Impairments of Intangibles	-	-	-
Financial Assets charged to SoCNE			
Loss or damage resulting from normal operations	-	-	-
Total charged to Departmental Expenditure Limit	-	-	-
Loss as a result of catastrophe	-	-	-
Other	-	-	-
Total charged to Annually Managed Expenditure	-	-	-
Financial Assets impairments and reversals charged to the Revaluation Reserve			
Loss or damage resulting from normal operations	-	-	-
Loss as a result of catastrophe	-	-	-
Other	-	-	-
TOTAL impairments for Financial Assets charged to reserves	-	-	-
Total Impairments of Financial Assets	-	-	-

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

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000
Non-current assets held for sale - impairments and reversals charged to SoCNE.			
Loss or damage resulting from normal operations	-	-	-
Abandonment of assets in the course of construction	-	-	-
Total charged to Departmental Expenditure Limit	-	-	-
Unforeseen obsolescence	-	-	-
Loss as a result of catastrophe	-	-	-
Other	-	-	-
Changes in market price	-	-	-
Total charged to Annually Managed Expenditure	-	-	-
Total impairments of non-current assets held for sale	-	-	-
Inventories - impairments and reversals charged to SoCNE			
Loss or Damage Resulting from Normal Operations	-	-	-
Total charged to Departmental Expenditure Limit	-	-	-
Unforeseen Obsolescence	-	-	-
Loss as a Result of a Catastrophe	-	-	-
Other (Free text note required)*	-	-	-
Changes in Market Price	-	-	-
Total charged to Annually Managed Expenditure	-	-	-
Total impairments of Inventories	-	-	-
Investment Property impairments charged to SoCNE			
Loss or Damage Resulting from Normal Operations	-	-	-
Total charged to Departmental Expenditure Limit	-	-	-
Unforeseen Obsolescence	-	-	-
Loss as a Result of a Catastrophe	-	-	-
Other (Free text note required)*	-	-	-
Changes in Market Price	-	-	-
Total charged to Annually Managed Expenditure	-	-	-
Total Investment Property impairments charged to SoCNE	-	-	-
Investment Property impairments and reversals charged to the Revaluation Reserve			
Loss or Damage Resulting from Normal Operations	-	-	-
Over Specification of Assets	-	-	-
Abandonment of Assets in the Course of Construction	-	-	-
Unforeseen Obsolescence	-	-	-
Loss as a Result of a Catastrophe	-	-	-
Other (Free text note required)*	-	-	-
Changes in Market Price	-	-	-
TOTAL impairments for Investment Property charged to Reserves	-	-	-
Total Investment Property Impairments	-	-	-
Total Impairments charged to Revaluation Reserve	835	-	-
Total Impairments charged to SoCNE - DEL	906	-	-
Total Impairments charged to SoCNE - AME	906	-	906
Overall Total Impairments	1,741	-	906
Of which:			
Impairment on revaluation to "modern equivalent asset" basis	-	-	-
Donated and Gov Granted Assets, included above -			
PPE - Donated and Government Granted Asset Impairments: amount charged to SoCNE -DEL*	-	-	-
Intangibles - Donated and Government Granted Asset Impairments: amount charged to SoCNE -AME*	-	-	-

15. Investment property

The PCT has no investment properties to disclose.

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	216	111
Intangible assets	-	-
Total	216	111

16.2 Other financial commitments

The PCT has no other financial commitments to disclose.

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	387	-	1,602	-
Balances with Local Authorities	7,225	-	451	-
Balances with NHS bodies outside the Departmental Group	-	-	-	-
Balances with NHS Trusts and Foundation Trusts	3,357	-	6,912	-
Balances with Public Corporations and Trading Funds	-	-	-	-
Balances with bodies external to government	2,885	-	29,350	-
At 31 March 2013	13,854	-	38,315	-
prior period:				
Balances with other Central Government Bodies	1,034	-	518	17
Balances with Local Authorities	3,820	-	874	-
Balances with NHS Trusts and Foundation Trusts	7,980	-	5,544	-
Balances with Public Corporations and Trading Funds	-	-	-	-
Balances with bodies external to government	3,918	-	30,547	-
At 31 March 2012	16,752	-	37,483	17

18. Inventories

	Consumables £000	Other £000	Total £000	Of which held at NRV £000
Balance at 1 April 2012	4	10	14	-
Additions	15	-	15	-
Inventories recognised as an expense in the period	-	-	-	-
Write-down of inventories (including losses)	-	-	-	-
Reversal of write-down previously taken to SoCNE	-	-	-	-
Transfers (to)/from other public sector bodies	-	-	-	-
Balance at 31 March 2013	19	10	29	-

19. Receivables

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	3,744	9,014	-	-
NHS receivables - capital	-	-	-	-
NHS prepayments and accrued income	-	-	-	-
Non-NHS receivables - revenue	7,868	4,147	-	-
Non-NHS receivables - capital	-	-	-	-
Non-NHS prepayments and accrued income	1,999	3,589	-	-
Provision for the impairment of receivables	(250)	(350)	-	-
VAT	493	352	-	-
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	-	-	-	-
Interest receivables	-	-	-	-
Finance lease receivables	-	-	-	-
Operating lease receivables	-	-	-	-
Other receivables	-	-	-	-
Total	13,854	16,752	-	-
Total current and non current	13,854	16,752		
Included above:				
Prepaid pensions contributions	13	-		

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

19.2 Receivables past their due date but not impaired

	31 March 2013 £000	31 March 2012 £000
By up to three months	358	309
By three to six months	-	552
By more than six months	-	766
Total	358	1,627

19.3 Provision for impairment of receivables

	2012-13 £000	2011-12 £000
Balance at 1 April 2012	(350)	(749)
Amount written off during the year	-	-
Amount recovered during the year	-	-
(Increase)/decrease in receivables impaired	100	399
Balance at 31 March 2013	(250)	(350)

20. NHS LIFT investments

The PCT has no LIFT investments.

21. Other financial assets

The PCT has no other financial assets to disclose.

22. Other current assets

The PCT has no other current assets to disclose.

23. Cash and Cash Equivalents

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

24. Non-current assets held for sale

The PCT has no non-current assets held for sale.

25. Trade and other payables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Interest payable	-	-	-	-
NHS payables - revenue	8,477	5,870	-	-
NHS payables - capital	26	14	-	-
NHS accruals and deferred income	-	-	-	-
Family Health Services (FHS) payables	18,923	18,209	-	-
Non-NHS payables - revenue	4,980	4,162	-	-
Non-NHS payables - capital	1,021	308	-	-
Non-NHS accruals and deferred income	4,667	8,816	-	-
Social security costs	31	2	-	-
VAT	-	-	-	-
Tax	72	1	-	-
Payments received on account	-	-	-	-
Other	117	101	-	17
Total	<u>38,314</u>	<u>37,483</u>	-	17
Total payables (current and non-current)	<u>38,314</u>	<u>37,500</u>		

The PCT had no liability (2011-12 - £Nil) in respect of payments due in future years under arrangements to buy out the liability for early retirements over 5 instalments. The PCT had no liability in respect of outstanding pension contributions at 31 March 2013 (31 March 2012 - £55K).

26. Other liabilities

The PCT has no other liabilities to disclose.

27. Borrowings

The PCT had an overdraft of £1K as at 31 March 2013 (31 March 2012 - £Nil).

28. Other financial liabilities

The PCT has no other financial liabilities to disclose.

29. Deferred income

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Opening balance at 1 April 2012	97	97	-	-
Deferred income addition	-	-	-	-
Transfer of deferred income	(97)	-	-	-
Current deferred Income at 31 March 2013	-	97	-	-
Total other liabilities (current and non-current)	-	97	-	-

30. Finance lease obligations

The PCT has no amounts payable under finance leases to disclose.

31. Finance lease receivables as lessor

The PCT has no finance lease receivables to disclose.

2. 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	11,385	-	1,904	924	-	4,162	-	-	1,523	2,872
Arising During the Year	8,746	-	193	455	-	7,983	-	-	115	-
Utilised During the Year	(3,347)	-	(188)	(297)	-	(171)	-	-	(160)	(2,531)
Reversed Unused	(403)	-	-	(8)	-	-	-	-	(54)	(341)
Inwinding of Discount	51	-	51	-	-	-	-	-	-	-
Change in Discount Rate	-	-	-	-	-	-	-	-	-	-
Transferred (to)/from other Public Sector bodies	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2013	16,432	-	1,960	1,074	-	11,974	-	-	1,424	-

Expected Timing of Cash Flows:

Up to Later than One Year	5,803	-	137	690	-	3,991	-	-	985	-
Later than One Year and not later than Five Years	8,671	-	569	119	-	7,983	-	-	-	-
Later than Five Years	1,958	-	1,254	265	-	-	-	-	439	-

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

Balance at 31 March 2013	420
Balance at 31 March 2012	922

In March 2012, the Department of Health announced a deadline of 30 September 2012 for individuals to request an assessment of eligibility for NHS Continuing Healthcare (CHC) funding for previously un-assessed periods of care for the period 1 April 2004 to 31 December 2012. All PCTs across the country received a high volume of requests. Strategic Health Authorities across England issued guidance to PCTs in October 2012 which set out the approach that PCTs should adopt.

It is not possible to establish an accurate figure for the potential liability to the PCT which is associated with these claims. Each claim requires detailed assessment and the PCT received approximately 700 requests for retrospective reviews. These could not all be assessed before the end of the financial year, so a sample of 70 cases was reviewed for the purpose of quantifying the provision required. The review indicated that about 50% of claims could be successful. If the percentage of successful claims varies by 10% from this figure, it will make a difference of about £800K to the cost of settling claims. The PCT has not provided for interest associated with the claims, which could be of a similar order. The PCT has adopted a reasonable approach in arriving at these estimates, based on the best knowledge available at the time. However, there is a degree of uncertainty about these numbers, and therefore a level of risk associated with them.

Clinical Commissioning Groups are responsible for clearance of outstanding cases.

3. Contingencies

	1 March 2013 £000	31 March 2012 £000
Contingent liabilities		
Equal Pay	-	-
Other	-	(9)
Amounts Recoverable Against Contingent Liabilities	-	-
Net Value of Contingent Liabilities	-	(9)

Contingent Assets

NHS Central Lancashire held a number of Legal Charges at the balance sheet date. These legal charges relate to properties purchased in the 1990's with the aid of Health Authority Revenue Grants, to facilitate the Care in the Community Initiative. Upon purchase, these properties were transferred to Registered Social Landlords (usually Housing Associations) with a signed agreement establishing a legal charge on the property. Whilst there is a possibility of a future inflow of economic benefit to the PCT should any of these properties be sold, the decision to sell is not wholly in the control of the PCT and the value is not certain as it would be a proportion of the sale proceeds at a future date.

34. PFI and LIFT schemes

The PCT has no PFI/LIFT schemes.

35. Impact of IFRS treatment - IFRIC12 (PFI and LIFT Schemes)

The PCT has no PFI/LIFT schemes.

36. Financial Instruments

Financial risk management

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

Currency risk

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

Interest rate risk

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

Credit Risk

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

Liquidity Risk

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

36.1 Financial Assets

	At 'fair value through profit and loss'	Loans and receivables	Available for sale	Total
	£000	£000	£000	£000
Embedded derivatives	-			-
Receivables - NHS		3,744		3,744
Receivables - non-NHS		9,867		9,867
Cash at bank and in hand		-		-
Other financial assets	-	-	-	-
Total at 31 March 2013	-	13,611	-	13,611
Embedded derivatives	-			-
Receivables - NHS		9,014		9,014
Receivables - non-NHS		7,737		7,737
Cash at bank and in hand		1		1
Other financial assets	-	-	-	-
Total at 31 March 2012	-	16,752	-	16,752

36.2 Financial Liabilities

	At 'fair value through profit and loss' £000	Other £000	Total £000
Embedded derivatives	-		-
NHS payables		8,520	8,520
Non-NHS payables		24,924	24,924
Other borrowings		-	-
PFI & finance lease obligations		-	-
Other financial liabilities	-	4,871	4,871
Total at 31 March 2013	-	38,315	38,315
Embedded derivatives	-		-
NHS payables		5,884	5,884
Non-NHS payables		22,372	22,372
Other borrowings		-	-
PFI & finance lease obligations		-	-
Other financial liabilities	-	9,227	9,227
Total at 31 March 2012	-	37,483	37,483

37. Related party transactions

Details of related party transactions with individuals are as follows. The General Medical Practitioners detailed below are members of the Clinical Commissioning Group Boards and the payments and receipts shown below relate to the general practice where they perform their clinical work as General Practitioners.

Name	Relationship	Organisation	Payments to Related Party £'000	Receipts from Related Party £'000	Amounts owed to Related Party £'000	Amounts due from Related Party £'000
Dr G Bangi	Chair of Chorley & South Ribble Clinical Commissioning Group	GP Practice - Sandy Lane	1,851	-	-	-
	Shareholder of Chorley & District Medical Services	Chorley & District Medical Services	1	-	-	-
Dr R Bennett	Vice Chair of Chorley & South Ribble Clinical Commissioning Group	GP Practice - The Surgery	415	-	-	-
	Medical Director of Chorley Medics (Out of Hours)	Chorley Medics (OOH)	1,413	4	-	-
Dr P Blake	GP Lead of Chorley & South Ribble Clinical Commissioning Group	GP Practice - Village Surgery	177	-	-	-
Dr R Kelsall	GP Lead of Chorley & South Ribble Clinical Commissioning Group	GP Practice - Worden Medical Centre	1,459	-	-	-
	Shareholder of Chorley & District Medical Services	Chorley & District Medical Services		(as No. 1 Above)	-	-
Dr J Lofthouse	GP Lead of Chorley & South Ribble Clinical Commissioning Group	GP Practice - Library House Surgery	1,834	-	-	-
	Shareholder of Chorley & District Medical Services	Chorley & District Medical Services		(as No. 1 Above)	-	-
Dr S Singh	GP Lead of Chorley & South Ribble Clinical Commissioning Group	GP Practice - Clayton Brook Surgery	400	-	-	-
Dr A Bowman	Chair of Greater Preston Clinical Commissioning Group	GP Practice not in NHS Central Lancashire	-	-	-	-
	Shareholder of Preston Access Centre	Preston Access Centre	2	66	-	-
	Shareholder of Preston Primary Care Centre	Preston Primary Care Centre	3	1,765	4	-
Dr B Finlay	GP Lead of Greater Preston Clinical Commissioning Group	GP Practice - Park View Surgery	698	-	-	-
	Shareholder of Preston Access Centre	Preston Access Centre		(as No. 2 Above)	-	-
	Shareholder of Preston Primary Care Centre	Preston Primary Care Centre		(as No. 3 Above)	-	-
Dr M S Jandu	GP Lead of Greater Preston Clinical Commissioning Group	GP Practice - Briarwood Medical Centre	703	-	-	-
	Shareholder & Director of Preston Access Centre	Preston Access Centre		(as No. 2 Above)	-	-
Dr R Parry	GP Lead of Greater Preston Clinical Commissioning Group	GP Practice - Ribbleton Medical Centre	983	-	-	-
	Director of Preston Access Centre	Preston Access Centre		(as No. 2 Above)	-	-
	Director of Preston Primary Care Centre	Preston Primary Care Centre		(as No. 3 Above)	-	-
Dr D Patel	GP Lead of Greater Preston Clinical Commissioning Group	Heartbeat	-	-	-	-
	Shareholder of Preston Access Centre	GP Practice - Broadway Surgery	1,049	-	-	-
	Shareholder of Preston Primary Care Centre	Preston Access Centre		(as No. 2 Above)	-	-
Dr Z H Patel	GP Lead of Greater Preston Clinical Commissioning Group	Preston Primary Care Centre	847	-	-	-
	Shareholder of Preston Access Centre	GP Practice - ISSA Medical Centre		(as No. 3 Above)	-	-
		Preston Access Centre		(as No. 2 Above)	-	-
Dr J Caine	Chair of West Lancashire Clinical Commissioning Group	GP Practice - Parbold Surgery	4	831	-	-
	Director & Chair of OWLs	OWLs (OOHs)	5	933	2	-
	Director of West Lancashire Health Partnership	West Lancashire Health Partnership	6	1,699	46	-
Dr A Bisarya	GP Lead of West Lancashire Clinical Commissioning Group	GP Practice - Sandy Lane Health Centre	339	-	-	-
Dr B S Biswas	GP Lead of West Lancashire Clinical Commissioning Group	GP Practice - Beacon Primary Care	1,618	-	-	-
Dr S Frampton	GP Lead of West Lancashire Clinical Commissioning Group	GP Practice - Ormskirk Medical Practice	863	-	-	-
	Two partners and a salaried GP undertake sessional work for OWLs	OWLs (OOHs)		(as No. 5 Above)	-	-
Dr J Kinsey	GP Lead of West Lancashire Clinical Commissioning Group	Partner at Parbold Surgery / Employee of Ormskirk Medical Centre		(as No. 4 Above)	-	-
	Member of Staff of OWLs	OWLs (OOHs)		(as No. 5 Above)	-	-
Dr S Taggart-Jeewa	GP Lead of West Lancashire Clinical Commissioning Group	GP Practice - North Meols Medical Centre	402	-	-	-
	Director of OWLs	OWLs (OOHs)		(as No. 5 Above)	-	-
	Director of West Lancashire Health Partnership	West Lancashire Health Partnership		(as No. 6 Above)	-	-
Mrs Linda Chivers	Lay Member Designate (Finance & Audit)	Chief Executive Lancashire Age Concern Ltd	381	-	-	-
Mr David Noblett	Lay Member Designate (Patient & Public Involvement)	Galloway Society for the Blind	13	-	-	-

7. Related party transactions (Continued)

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

intree University Hospitals NHS FT	Dental Practice Board	North West Secure Commissioning Team c/o Western Cheshire PCT
Lackpool, Fylde & Wyre NHS FT	East Lancashire Hospitals NHS Trust	Prescription Pricing Authority
Lackpool PCT	East Lancashire Teaching PCT	Royal Liverpool Broadgreen Hospitals NHS Trust
Central Manchester University Hospitals NHS FT	Lancashire Care NHS FT	Southport and Ormskirk Hospital NHS Trust
Christie Hospital NHS FT	Lancashire Teaching Hospitals NHS FT	St Helens and Knowsley Hospitals NHS Trust
Latterbridge Centre for Oncology NHS FT	NHS Business Services Authority	Wrightington, Wigan and Leigh NHS FT
Greater Manchester West MH NHS FT	North Lancashire Teaching PCT	Other various NHS bodies

In addition, the Primary Care Trust has had a significant number of material transactions with other Government Departments and other central and local Government bodies - including: Home Office (including Prisons), HM Revenue and Customs, NHS Pension Scheme and Lancashire County Council.

7. Related party transactions (Continued)

For prior year comparators: information for 2011/12 is shown below.

Name	Relationship	Organisation	Payments to Related Party £'000	Receipts from Related Party £'000	Amounts owed to Related Party £'000	Amounts due from Related Party £'000
Mr G Bangi	Chair of Chorley & South Ribble Clinical Commissioning Group	GP Practice - Sandy Lane Surgery	1,748	0	0	0
"	Shareholder of Chorley & District Medical Services	Chorley & District Medical Services	9	0	0	0
Mr R Bennett	Vice Chair of Chorley & South Ribble Clinical Commissioning Group	GP Practice - The Surgery	387	0	0	0
"	Medical Director of Chorley Medics (Out of Hours)	Chorley Medics (OOH)	1,355	0	0	0
Mr P Blake	GP Lead of Chorley & South Ribble Clinical Commissioning Group	GP Practice - Village Surgery	162	0	0	0
Mr R Kelsall	GP Lead of Chorley & South Ribble Clinical Commissioning Group	GP Practice - Worden Medical Centre	1,336	0	0	0
"	Shareholder of Chorley & District Medical Services	Chorley & District Medical Services		(as no.1 above)		
Mr J Lofthouse	GP Lead of Chorley & South Ribble Clinical Commissioning Group	GP Practice - Library House Surgery	1,747	0	0	0
"	Shareholder of Chorley & District Medical Services	Chorley & District Medical Services		(as no.1 above)		
Mr S Singh	GP Lead of Chorley & South Ribble Clinical Commissioning Group	GP Practice - Clayton Brook Surgery	359	0	0	0
Mr A Bowman	Chair of Greater Preston Clinical Commissioning Group	GP Practice not in NHS Central Lancashire				
"	Shareholder of Preston Access Centre	Preston Access Centre	45	0	0	0
"	Shareholder of Preston Primary Care Centre	Preston Primary Care Centre	1,482	0	0	0
Mr B Finlay	GP Lead of Greater Preston Clinical Commissioning Group	GP Practice - Park View Surgery	692	0	0	0
"	Shareholder of Preston Access Centre	Preston Access Centre		(as no.2 above)		
Mr M S Jandu	GP Lead of Greater Preston Clinical Commissioning Group	GP Practice - Briarwood Medical Centre	656	0	0	0
"	Shareholder of Preston Access Centre	Preston Access Centre		(as no.2 above)		
Mr R Parry	GP Lead of Greater Preston Clinical Commissioning Group	GP Practice - Ribbleton Medical Centre	916	0	0	0
"	Director of Preston Primary Care Centre	Preston Primary Care Centre		(as no.3 above)		
"	Director of Preston Access Centre	Preston Access Centre		(as no.2 above)		
Mr D Patel	GP Lead of Greater Preston Clinical Commissioning Group	GP Practice - Broadway Surgery	1,034	0	0	0
"	Shareholder of Preston Access Centre	Preston Access Centre		(as no.2 above)		
"	Shareholder of Preston Primary Care Centre	Preston Primary Care Centre		(as no.3 above)		
Mr Z H Patel	GP Lead of Greater Preston Clinical Commissioning Group	GP Practice - ISSA Medical Centre	781	0	0	0
"	Shareholder of Preston Access Centre	Preston Access Centre		(as no.2 above)		
Mr J Caine	Chair of West Lancashire Clinical Commissioning Group	GP Practice - Parbold Surgery	792	0	0	0
"	Director and Chair of OWLS Out of Hours Provider	OWLS Out of Hours	930	0	0	0
"	Director of West Lancashire Health Partnership	West Lancashire Health Partnership	1,434	0	0	0
Mr A Bisarya	GP Lead of West Lancashire Clinical Commissioning Group	GP Practice - Sandy Lane Health Centre	321	0	0	0
Mr B S Biswas	GP Lead of West Lancashire Clinical Commissioning Group	GP Practice - Beacon Primary Care	1,465	0	0	0
Mr S Frampton	GP Lead of West Lancashire Clinical Commissioning Group	GP Practice - Ormskirk Medical Practice	815	0	0	0
Mr J Kinsey	GP Lead of West Lancashire Clinical Commissioning Group	Partner at Parbold Surgery / employee of Ormskirk Medical		(as no.4/6 above)		
Mr S Taggart-Jeewa	GP Lead of West Lancashire Clinical Commissioning Group	GP Practice - North Meols Medical Centre	371	0	0	0
"	Director of OWLS Out of Hours Provider	OWLS Out of Hours		(as no.5 above)		

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

intree University Hospitals NHS FT	Dental Practice Board	North West Secure Commissioning Team c/o Western Cheshire PCT
Lackpool, Fylde & Wyre NHS FT	East Lancashire Hospitals NHS Trust	Prescription Pricing Authority
Lackpool PCT	East Lancashire Teaching PCT	Royal Liverpool Broadgreen Hospitals NHS Trust
Central Manchester University Hospitals NHS FT	Lancashire Care NHS FT	Southport and Ormskirk Hospital NHS Trust
Christie Hospital NHS FT	Lancashire Teaching Hospitals NHS FT	St Helens and Knowsley Hospitals NHS Trust
Latterbridge Centre for Oncology NHS FT	NHS Business Services Authority	Wrightington, Wigan and Leigh NHS FT
Greater Manchester West MH NHS FT	North Lancashire Teaching PCT	Other various NHS bodies

In addition, the Primary Care Trust has had a significant number of material transactions with other Government Departments and other central and local Government bodies - including: Home Office (including Prisons), HM Revenue and Customs, NHS Pension Scheme and Lancashire County Council.

38. Losses and special payments

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

	Total Value of Cases £s	Total Number of Cases
Losses - PCT management costs	83,900	33
Special payments - PCT management costs	-	-
Losses in respect of the provision of family practitioner services	-	-
Special payments in respect of the provision of family practitioner services	-	-
Total losses	<u>83,900</u>	<u>33</u>
Total special payments	<u>-</u>	<u>-</u>
Total losses and special payments	<u>83,900</u>	<u>33</u>

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

	Total Value of Cases £s	Total Number of Cases
Losses - PCT management costs	11,535	46
Special payments - PCT management costs	-	-
Losses in respect of the provision of family practitioner services	-	-
Special payments in respect of the provision of family practitioner services	-	-
Total losses	<u>11,535</u>	<u>46</u>
Total special payments	<u>-</u>	<u>-</u>
Total losses and special payments	<u>11,535</u>	<u>46</u>

Details of cases individually over £250,000

There were no cases individually over £250,000

39. Third party assets

The PCT held no assets on behalf of other bodies.

40. Pooled Budget

NHS Central Lancashire has a pooled budget arrangement for Services for Adults with Learning Disabilities. This is hosted by Lancashire County Council. The PCT also has an arrangement with the Lancashire Drug & Alcohol Action Team (LDAAT) which is hosted by NHS Central Lancashire. The Memorandum accounts for the pooled budgets are:

i) SERVICES FOR ADULTS WITH LEARNING DISABILITIES**Memorandum Trading Account for the period ended 31 March 2013**

	2012/13 £'000	2011/12 £'000
Pooled Fund Income	52,483	52,796
Pooled Fund Expenditure	53,156	54,238
NET SURPLUS / (DEFICIT)	(673)	(1,442)
Contribution from NHS Central Lancashire	4,232	4,232

NHS Central Lancashire's contribution amounts to 8.88% of the total pool. There is, therefore, a further payment of £60k due in addition to the above contribution.

ii) LANCASHIRE DRUG & ALCOHOL ACTION TEAM (LDAAT)

NHS Central Lancashire was the host NHS organisation for the Lancashire Drug & Alcohol Action Team (LDAAT) in 2012/13. The PCT managed the Team's available resources and reflected its actual expenditure incurred within the PCT's overall position as reported for 2012/13.

This Memorandum Account reflects the full LDAAT resources with the exception of the Young Persons funding, which continues to be administered by Lancashire County Council.

Memorandum Account for the period ended 31 March 2013

	2012/13		2011/12	
	£'000	£'000	£'000	£'000
FUNDING				
Department of Health Pooled Treatment Budget Allocation	7,789		8,403	
Criminal Justice	501		1,302	
Local Area Agreement Grant	0		0	
Partnership Income (NHS North Lancashire)	2,093		1,495	
Partnership Income (NHS East Lancashire)	2,925		2,966	
Partnership Income (NHS Central Lancashire)	6,075		5,320	
LCC Contribution to Community Contracts	72		72	
Other Income	9		10	
TOTAL FUNDING		19,464		19,568
EXPENDITURE				
Adult Substance Misuse Services	10,290		10,190	
Criminal Justice	2,499		2,508	
Prisons Healthcare (IDTS / CARATS)	4,102		3,539	
Tier 4 - Residential Drug Treatment Specific Services	957		636	
Building Recovery in Communities	280		294	
Children's Trusts	0		380	
Delivering Recovery in Volunteering Environments	0		63	
Alcohol	0		102	
Devolved Budgets to JCG's	165		522	
Harm Reduction / Users / Carers / Other	547		563	
LDAAT Delivery Unit	620		771	
TOTAL EXPENDITURE		19,460		19,568
NET UNDERSPEND / (OVERSPEND)		4		0

41. Cashflows relating to exceptional items

The PCT has no exceptional items to disclose.

42. Events after the end of the reporting period

Government Healthcare Reforms

These accounts have been completed on a going concern basis in line with NHS guidance. As part of the changes to the NHS brought about by the Health and Social Care Act 2012, NHS Central Lancashire PCT ceased to exist on 31 March 2013. This Act also established Clinical Commissioning Groups and the National Commissioning Board from the 1st April as the main commissioners of acute and community care. NHS Central Lancashire PCT's responsibility for commissioning these services has been taken over by the following CCGs:-

Chorley and South Ribble CCG

Greater Preston CCG

West Lancashire CCG

In addition the primary care commissioning responsibility has been taken over by the NHS Commissioning Board and Public Health commissioning by the local authority.

Annual Governance Statement

2012/13

NHS Central Lancashire (5NG)

The annual governance statement records the stewardship of the organisation. It supplements the financial accounts and gives a sense of how successfully the organisation has coped with the challenges it faces. The statement draws together position statements and evidence on governance, risk management and control to provide a coherent and consistent reporting mechanism.

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1.0 Scope of Responsibility

- 1.1 As accountable officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, procedures 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.
- 1.2 I am accountable to the NHS Lancashire Board for the corporate governance of the organisation. The NHS North of England is responsible for the performance management of NHS Lancashire, which includes the corporate governance agenda.
- 1.3 The accountability arrangements include regular reporting to the NHS Lancashire board on systems in place for ensuring effective internal control. Mechanisms are in place for the effective reporting of incidents across the organisation. During 2012/13 serious untoward incidents have been reported through the strategic executive information system / UNIFY serious untoward incident reporting system.
- 1.4 NHS Central Lancashire holds lead responsibility for monitoring the performance of its key providers in relation to the handling of serious untoward incidents. This involves the providers for whom NHS Central Lancashire acts as lead commissioner. NHS Central Lancashire ensures that associate commissioners are advised regarding serious untoward incidents involving patients from within their boundaries who are receiving care from services for which NHS Central Lancashire has lead responsibility.

2.0 The Governance Framework of the Organisation

- 2.1 The governance framework 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 an absolute assurance of effectiveness.
- 2.2 Governance and internal control of the organisation is an on-going process designed to:
- identify and prioritise the risks to the achievement of policies, aims and objectives of NHS central Lancashire
 - evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.
- 2.3 NHS Central Lancashire has continued to deliver the programme of work associated with the current NHS reforms and the requirements of the white paper *Equity and Excellence: Liberating the NHS* to ensure the close down of the organisation in line with national timescales. A dedicated legacy team has overseen the handover process and completion of PCT business, including the preparation of transfer schemes. The approval process for transfer schemes has been completed in accordance with the governance of relevant receiving bodies, including CCGs. The Transition and Legacy team has

overseen the transfer of assets and agreements, and assessed the risks in relation to these transfers.

- 2.4 Whilst NHS Central Lancashire remains as the statutory body, it has delegated powers and decision making responsibility to NHS Lancashire at a cluster level to provide the necessary support and direction during the period of transition.
- 2.5 The three Clinical Commissioning Group Governing Bodies, to whom NHS Central Lancashire Board delegated responsibility in 2011-12 as part of the reform agenda, have continued to operate in shadow form and fulfil their duties at a locality level.
- 2.6 The Governance Framework of NHS Central Lancashire, including the system of internal control has therefore been delivered through co-operation and collaboration between both local and cluster level arrangements.
- 2.7 The system of internal control, reflective of the changes outlined below, has been in place in NHS Central Lancashire for the year ended 31 March 2013 and up to the date of approval of the annual report and accounts.
- 2.8 At a NHS Lancashire level, the following arrangements have been in place:

NHS Lancashire Board

- 2.9 NHS Lancashire Board has met on a bi-monthly basis, in public and has governed the organisations within its footprint for the whole reporting period. The Board is supported by a range of committees, each providing assurance to the Cluster Board through the business transacted at the meetings, and the locality CCG Governing Bodies and supporting governance structures.
- 2.10 Responsibility for the corporate assurance framework sits with the Director of Partnerships and Corporate Affairs. The domains relating to quality assurance and clinical governance directly relate to the Directors of Nursing and the Medical Director. The domains relating to financial stewardship relate to the role of the Director of Finance.

NHS Lancashire Audit Committee

- 2.11 The NHS Lancashire Cluster Audit Committee, chaired by Ian Cherry, Cluster Audit Chair and Locality Lead Non-Executive Director for Central Lancashire, has operated robustly during the financial year. This is a formal committee of the NHS Lancashire Board, with agreed Terms of Reference and responsibility for providing assurance to the NHS Lancashire Board through the business transacted at the meetings, in relation to financial reporting; internal controls and risk management systems across the Cluster; internal and external audit functions, and counter fraud.
- 2.12 The committee reports formally to the NHS Lancashire Board following each of its meetings.

NHS Lancashire Health and Safety Committee

- 2.13 The NHS Lancashire Health and Safety Committee has met on a quarterly basis, and provides assurance in relation to all health and safety matters

across the cluster. The committee is chaired jointly by the Director of Partnerships and Corporate Affairs and a Union / Staff Side Health and Safety representative.

NHS Lancashire Executive Team

- 2.14 Although not a formal committee of the Board, the Cluster Executive Team plays a key role in providing executive leadership and assurance for the business of NHS Lancashire and in ensuring the delivery of the vision as set out by the Board.
- 2.15 The Executive Team has authority to authorise expenditure or make decisions consistent with the Cluster scheme of reservation and delegation, as well as being responsible for ensuring the implementation of decisions made by the Board and its committees.
- 2.16 At a local level, the following arrangements have been in place:

NHS Central Lancashire Board

- 2.17 There is no Board operating within NHS Central Lancashire.
- 2.18 Responsibility for the continued delivery of the organisations business is delegated between NHS Lancashire and the Governing Body of each Clinical Commissioning Group of Greater Preston CCG, Chorley & South Ribble CCG and West Lancashire CCG.
- 2.19 Each CCG has operated in shadow form for the whole financial year, whilst progressing through Authorisation.

NHS Central Lancashire Audit Committee

- 2.20 A Locality Assurance Group has operated with Central Lancashire for the full financial year. This has reported into the NHS Lancashire Audit Committee and has responsibility for providing a high level of scrutiny to the areas under its remit of:
- Governance, Risk Management and Internal Control – to ensure the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical) that supports the achievement of the organisation's objectives
 - Internal Audit – to ensure that the internal audit function established by management is effective, meets the mandatory NHS Internal Audit Standards, and provides appropriate independent assurance to the Audit Committee and Board.
 - External Audit – to review the work and findings of the External Auditor appointed by the Audit Commission and consider the implications and management's responses to their work
 - Financial Reporting – to review the Annual Report and Financial Statements before submission to the Board

- 2.21 The Locality Assurance Group has fulfilled its duties through the provision of well-attended meetings reviewing, scrutinising and challenging all areas of work under its remit.

Governance Post 31st March 2013

- 2.22 NHS Central Lancashire ceases to be a statutory body on 1st April 2013, and therefore its responsibility for scrutiny and assurance in relation to the Annual Report and Accounts and governance statements is lost.
- 2.23 There is however, still a legal requirement for the annual report and accounts and governance reports to be produced and scrutinised.
- 2.24 To maintain rigour in the process, the Department of Health has facilitated the establishment of an audit sub-committee to support the final accounts process for 2012/13. This sub-committee is a sub-committee of the Department's Audit and Risk Committee.
- 2.25 The scope of the audit sub-committee is to review the annual report, financial statements and governance statement of the legacy organisation prior to signing by the Accountable Officer and Director of Finance, focusing on:
- The wording in the governance statement
 - Changes in, and compliance with, accounting policies and practices
 - Unadjusted mis-statements in the financial statements
 - Significant judgements in preparing the financial statements
 - Significant adjustments resulting from audit
 - Letter of representation, and
 - Qualitative aspects of financial reporting

3.0 Risk Assessment

- 3.1 The ethos of NHS Central Lancashire is that risk management is an explicit process in every activity that the organisation and its employees take part in or contribute to.
- 3.2 As an accountable officer, I have overall responsibility for risk management at a locality level and this is discharged through clearly defined responsibilities for all clinical governance and risk management activity. The principle management lead for risk management is the responsibility of the Associate Director of Business Planning and Assurance.
- 3.3 The Risk Management Strategy was revised in April 2012 to reflect the changes within the organisations structure. The strategy sets out the organisation's attitude to risk and describes the structures and processes by which risk is managed. It clearly outlines the leadership, responsibility and accountability arrangements. These responsibilities are then taken forward through the Assurance Framework, Risk Registers, Business Planning and Performance Management processes enabling a coherent and effective delivery of risk management throughout the organisation.

- 3.4 The Locality Assurance Group reviews the establishment and maintenance of an effective system of governance, risk management and internal control across all the organisations activities.
- 3.5 At an operational level, NHS Central Lancashire participate in and contributes to both the cluster Risk Management Group and the NHS Lancashire Health and Safety Committee which have been operating across the cluster to provide a structure for developing and implementing common practice in relation to risk management.
- 3.6 The organisation can report no gaps in relation to its risk management provision.

Risk Profile

- 3.7 The risk profile of the organisation is constantly changing due to the nature of reform and rate of transition which has occurred during this year.
- 3.8 New risks identified for inclusion on the organisation's risk register are assessed for their likelihood and consequence using a 5 x 5 risk matrix in accordance with the risk management strategy.
- 3.9 All risks with on overall risk score of 15 or above are included on a corporate risk register which is presented to the Locality Assurance Group on a quarterly basis.
- 3.10 The Locality Assurance Group also review the Board Assurance Framework to ensure that risks identified against the principle objectives of the organisation are being addressed appropriately.

Information Governance

- 3.11 Responsibility for information governance is delegated to the Associate Director of Business Planning and Assurance, who also fulfils the role of Senior Information Risk Owner.
- 3.12 Day-to-day support and management is provided by the NHS Lancashire Information Governance team.
- 3.13 A robust approach to addressing Information Governance across NHS Lancashire has been developed which is co-ordinating and driving the Information governance agenda forward to ensure compliance with mandatory requirements.
- 3.14 A 'clustered' report for NHS Lancashire as a whole was submitted against the IG toolkit 2012/13. The NHS Central Lancashire score was assessed at 68%. An audit is scheduled, although it is not expected that a satisfactory rating will be returned, mainly due to the changing landscape within the NHS and the impact on local organisations. The NHS Lancashire Executive Team has been made aware of this risk and has accepted the current position.

- 3.15 The risks identified within the IG toolkit compliance and associated transition have been included within the overall Information Governance work programme, which is overseen by the NHS Lancashire Information Governance Committee.
- 3.16 There has been one Information Governance serious untoward incident (SUIs) / breach involving LaSCA, which is a hosted service through NHS Central Lancashire. This was reported to the Information Commissioner who accepted the mitigation plan put in place to prevent re-occurrence and concluded that no further action was necessary.

4.0 The Risk and Control Framework

- 4.1 It is well documented that during such radical reform and change within any organisation, the systems for internal control are susceptible to increased levels of risk. Whilst recognising and responding to the necessary organisational changes, NHS Central Lancashire has endeavoured to minimise the impact that the current reforms, transition and organisational change introduce to levels as low as is reasonably practicable.
- 4.2 This compliments the aim of the organisation's risk management strategy to embed a holistic approach to risk management across the organisation, which embraces all risks associated with the delivery of commissioning objectives and functions.
- 4.3 NHS Central Lancashire has continued to work within a framework which devolves responsibility and accountability throughout the organisation.
- 4.4 The Central Lancashire Board has overall responsibility for probity (standards of public behaviour) within the organisation and has responsibility for monitoring the organisation against the agreed direction ensuring corrective action is taken as necessary. This responsibility has transferred not only to NHS Lancashire, but also to the three Clinical Commissioning Group Governing Bodies (who are operating in shadow form) as part of the transition process.
- 4.5 The framework under which NHS Central Lancashire has operated during the last financial year is set out through the Risk Management Strategy which clearly defines the structures in place for managing risk and the systems to support this purpose.
- 4.6 Risk management is embedded through:
- Compliance with legislative and regulatory requirements
 - Standing Financial Instruction and Standing Orders
 - Sub committees of the Board
 - Board Assurance Framework
 - Risk Registers
 - Internal performance management processes

- Policies and Procedures (including the adoption of emerging NHS Lancashire arrangements)
- 4.7 Delivery and adherence to risk management arrangements is the responsibility of everyone within the organisation. This is supported by dedicated resource to implement, advise and review compliance with risk management requirements across the organisation.
- 4.8 The available resource is further supplemented from other dedicated and professional risk management resource across the cluster.
- 4.9 Maintaining the level of robustness around the risk and control framework has been challenging during the reporting period, however issues and concerns have been addressed to support the organisation in ensuring strategic and sustainable governance arrangements which are suitable and sufficiently flexible to support the organisation and its transition.
- 4.10 The organisation can report that:
- it continues to work to the vision and values as set out in its Strategic Commissioning Plan
 - it complies with Local Counter Fraud and NHS Protect (previously Security Management Services) directives
 - a robust information governance framework is in place, with NHS Central Lancashire participating and contributing to the reporting of a cluster assessment against the Information Governance toolkit
 - Standing Orders, Standing Financial Instructions and Schemes of delegation are in place and have been reviewed and updated as necessary to reflect the approved changes and delegation of authority associated with the transition
 - a suitable review, approval and dissemination process has been implemented for policies and procedures, which takes account of local requirements and the development of policies at an NHS Lancashire level
- 4.11 NHS Central Lancashire has utilised the following key elements of its control framework to secure assurance for the prevention, deterrent and management of both manifest and potential risks:

Board Assurance Framework

- 4.12 The Board Assurance Framework provides a comprehensive method for the effective and focussed management of the principle risks to achieving the organisations objectives.
- 4.13 An Assurance Framework has been in place throughout the year which has supported the completion of the Annual Governance Statement. This is underpinned by the practical application of risk management and maps the principle objectives to risks, controls and assurances.

- 4.14 Gaps in assurance and control are also included and notified to the locality Assurance Group through presentation of the complete document on a quarterly basis.
- 4.15 All risks included within the Assurance Framework fall into a risk register.
- 4.16 Risks scoring a level 15 or above are notified to the Locality Assurance Group through submission of a corporate risk register.
- 4.17 All risks scoring 12 or below are managed through directorate arrangements which includes mechanisms for the review of risks on a monthly basis.
- 4.18 The Assurance Framework provides reasonable assurance that there is an effective system of governance and internal control to manage the principle risks identified by the organisation.

Internal Audit

- 4.19 NHS Central Lancashire participates in a robust programme of Internal Audit assessments. These are completed during the year and their findings, as detailed in the following table are reported to Locality Assurance Group:

Audit Ref	Audit	Status	Assurance Level
12/13 - 01	Pharmaceutical Service	Completed	High
12/13 - 02	General Dental Service	Completed	High
12/13 - 03	General Medical Service	Completed	Significant
12/13 - 04	Budgetary Control	Completed	Significant
12/13 - 05	Commissioning for Quality and Innovation Payments (CQUIN)	Completed	High
12/13 - 06	Financial and Contracting Performance	To Do	
12/13 - 07	QOF : St Filans Medical Centre	Completed	Significant
12/13 - 08	QOF : Ribbleton Medical Centre	Completed	Significant
12/13 - 09	QOF : Medicom Limited	Completed	Significant
12/13 - 10	QOF : Burscough Family Practice	Completed	Significant
12/13 - 11	QOF : Aughton Medical Centre	Completed	Significant
12/13 - 12	Locality Reporting	To Do	
12/13 - 13	Space Utilisation – Ormskirk Headquarters	Completed	n/a
12/13 - 14	Accounts Recievable	Completed	Significant
12/13 - 15	Accounts Payable	Completed	Significant
12/13 - 16	Assurance Framework and Risk Management	Completed	Significant
12/13 - 17	Procurement	Underway	
12/13 - 18	IG Toolkit : Internal Submission Gap analysis	Completed	n/a
12/13 - 19	Mobile Computing	Completed	n/a
12/13 - 20	Review of Cluster Governance Arrangements	Underway	

Management of Incidents

- 4.20 During 2012/13 NHS Central Lancashire has continued to use the Datix system for incident reporting and management. This is a web-based reporting system which supports improved communication and response to incidents when they occur.
- 4.21 Incidents are managed in accordance with the Incident Reporting Policy.
- 4.22 Serious Untoward Incidents are reported and managed in accordance with NHS Lancashire policy guidelines.
- 4.23 In addition, systems are in place to ensure that other lead commissioners are informed of serious untoward incidents which occur to NHS Central Lancashire patients whilst in the receipt of services.
- 4.24 During 2012/13, notification was received of 6¹ never events. These were reported to the management team along with lessons learnt and the changes required to prevent re-occurrence.

Performance against National Priorities

- 4.25 Performance against national priorities has been reported to the NHS Lancashire Board at each meeting, with operational review being undertaken at locality level within the shadow Clinical Commissioning Groups.
- 4.26 This has maintained a focus on the delivery of outcomes against national and local targets at a locality level. Failing and under-achieving areas have been subject to increased review with action plans developed to support improvement in delivery.
- 4.27 NHS Central Lancashire can report the following performance against National and Local targets:

	Achieved	Under-achieved	Failed
National Targets	Cancer access targets [December]	Ambulance response times Category A 19 [January]	Smoking quitters [Quarter 2]
	Ambulance response times Category A 8 [January]	Improving access to psychological therapy [Quarter 3]	Annual Health Checks [Quarter 3]
	A & E 4hr target [December]	Health visitor staff in post [December]	52+ week waiters [December]
	Mental Health targets (Early Intervention, CPA and Crisis Resolution) [Quarter 3]]	Activity – diagnostic tests [December]	Activity – other referrals [December]
	18 weeks access measures [December]	MRSA [January]	
	Activity targets –non elective activity, GP referrals, DC and elective activity, 1 st OP attendances [December]		

¹ Reported as at 27 March 2013

	Achieved	Under-achieved	Failed
	% of all adult inpatients who have had a VTE risk assessment		
	Mixed sex accommodation [December]		
	Diagnostics access [December]		
Local Targets	Childhood Immunisation (age 1, age 2, HPV programme) [Quarter 2]	Cancer and CVD mortality [2008-10]	Chlamydia screening [Quarter 2]
	Diabetic retinopathy screening [Quarter 2]	Childhood immunisation – age 5 [Quarter 2]	Emergency re-admissions [December]
	Stroke – High risk TIA assessments [Quarter 3]	Breastfeeding 6-8 weeks [Quarter 3]	Choose and book [January]
	Cervical screening [January]	Stroke - % on a stroke ward [Quarter 3]	
	Bowel screening [Quarter 3]	Dentistry access [December]	

Quality Report

- 4.28 NHS Central Lancashire receives an annual quality report (Quality Account) from its main providers which it qualifies and comments upon.
- 4.29 In addition, the quality, safety, patient experience and clinical effectiveness of providers is monitored through monthly quality and performance review meetings, where quality dashboards containing a range of outcome focussed indicators with pre-agreed thresholds for achievement are reviewed.
- 4.30 This review process has continued to operate on a locality basis during 2012/13, with increased co-operation and collaboration between quality lead commissioners has seen increased consistency in the approach to and development of quality dashboards across the NHS Lancashire footprint.

Safeguarding

- 4.31 NHS Central Lancashire has suitable arrangements in place to safeguard and promote the welfare of children and adults who may be vulnerable which reflect both statutory and local guidance.
- 4.32 Training is provided to all staff, and refreshed on an annual basis.

Equality and Diversity

- 4.33 Controls measures are in place to ensure that all the organisations obligations under equality, diversity and human rights legislation are complied with through policies, training and audit processes.
- 4.34 All staff received training in equality, diversity and human rights awareness on an annual basis.
- 4.35 All strategies are equality impact assessed prior to being approved by the Board. Training on completing Equality Impact Assessments has been provided to all senior managers, to ensure the robustness of the assessment.

- 4.36 All NHS Central Lancashire policies have an Equality Impact Assessment which is externally quality assured by Diversity Matters Ltd
- 4.37 NHS Central Lancashire publishes data on its workforce alongside the organisations objectives and in doing so, satisfies the requirements under the Equality Duty. Reports have also been prepared to reflect the shadow Clinical Commissioning Group workforce arrangements.

Financial Monitoring

- 4.38 The main areas of risk for the organisation relate to delivery of the financial control total. These have been monitored and managed on a daily basis.
- 4.39 Delivery of QIPP targets has also been challenging. Robust controls have been put in place which has included both financial and performance monitoring against the projects to ensure delivery remained on track.
- 4.40 NHS Central Lancashire has delivered its financial duties and is reporting a financial balance in line with requirements.
- 4.41 All of the above factors outline how NHS Central Lancashire has implemented a system of internal control which is intent on preventing risks from occurring where possible, minimising their impact in the event that they do arise and managing both manifest and potential risks in an efficient and effective manner.

5.0 Review of the effectiveness of risk management and internal control

- 5.1 As accountable officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work.
- 5.2 Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance.
- 5.3 The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.
- 5.4 The Head of internal Audit Opinion provided shows an overall level of significant assurance for the reporting period.
- 5.5 I have been advised on the implications of the result of my review on the effectiveness of the system of internal control by the internal mechanisms of the organisation, which includes the oversight of the locality Executive Team and Local Assurance Group.

6.0 Significant Issues

- 6.1 There have been no significant control issues in NHS Central Lancashire in 2012/13.
- 6.2 During the year, the organisation has been faced with the challenges associated with significant reform, including the loss of organisational memory and transition on a scale and pace not previously experienced within the NHS.
- 6.3 There has been real and sustained effort to maintain governance and accountability arrangements during the reporting period.
- 6.4 In conclusion my review confirms that NHS Central Lancashire has a generally sound system of internal control that supports the achievement of its policies, aims and objectives.

Signed



Richard Jones
Area Director
NHS England - Lancashire

Date

8/6/13