Department of Health

Worcestershire Primary Care Trust

2012-13 Annual Report and Accounts

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Worcestershire Primary Care Trust

2012-13 Annual Report

ANNUAL REPORT

2012-2013

NHS Worcestershire

CONTENTS

Foreword	**2**
NHS Worcestershire	**3**
Our county	**4**
NHS Redditch and Bromsgrove Clinical Commissioning Group	**5**
NHS South Worcesterhsire Clinical Commissioning Group	**6**
NHS Wyre Forest Clinical Commissioning Group	**7**
PCT Acheivements & Legacy	**8**
Our people	**9**
Staff involvement	9
Learning & development	9
Staff sickness	9
Board & committees	10
Declarations of interest	11
Our standards & effectiveness	**12**
Annual governance statement	**14**
Facts and figures	**19**
Report by Director of Finance	19
Operating system	20
Related parties	21
Statement of cashflows	25
Exit packages	27
Remuneration report	28
Better payment practice code	26
Salary entitlement	29
Pension liabilities	32
Pensions	33
Statement of financial position	35
Statement of Accounting Officer	36 - 37
Auditor’s report	38 - 40

FOREWORD

This report details the activities of NHS Worcestershire (Worcestershire Primary Care Trust or PCT) undertaken during 2012/13, culminating in closure on 31st March 2013. Prior to closure the Board formally handed over its responsibilities to the new Clinical Commissioning Groups (CCGs), NHS England, and Worcestershire County Council and other bodies.

The bulk of the PCT's commissioning responsibilities are being handed over to our CCGs, all of which have recently become authorised as statutory organisations. In Worcestershire these are: NHS South Worcestershire CCG, NHS Redditch and Bromsgrove CCG and NHS Wyre Forest CCG. The governance arrangements we made 12 months ago ensured a robust handover. All the emerging CCGs have been sub-committees of NHS Worcestershire, with the CCG Chairs attending Board meetings. Through this process it has been very encouraging to witness the progress and achievements already delivered by CCGs and I am confident that they will continue to do so.

These arrangements, coupled with the progress the CCGs have made during the authorisation process, mean that I am sure the commissioning of health services for our local population is in safe hands.

The PCT's public health responsibilities have also been formally handed to Worcestershire County Council and I would wish to acknowledge local authority colleagues for the enthusiasm with which they have embraced their new responsibilities. Locally, the many benefits that will come from putting public health at the heart of local government have been recognised; a move which means that public health needs can be considered alongside many of the key influencers on our health and wellbeing – education, housing and social care. By considering these areas together, I hope the local authority will be able to make real progress in improving the health and wellbeing of our local population and reducing health inequalities.

This last year has been a particular period of change as staff and colleagues have moved into different roles, often undertaking additional responsibilities in the process. The significance of the changes and impact on staff personally as well as professionally is not to be underestimated. I would particularly want to thank board members for their consistent support over this period, and specifically non-executive directors and locality support managers for the continuity they have provided within the local system. I would acknowledge the unique role undertaken by Eamonn Kelly, our outgoing PCT Chief Executive who stepped down in early 2013 to allow Lesley Murphy and her incoming NHS England Area Team to assume their new roles. May I convey publically my thanks and best wishes to Eamonn in his retirement after many unstinting years in public service, and to Lesley and her team for supporting the board during the last few months. The Area Team will be responsible for commissioning primary care services, as well as working closely with our local CCGs and I wish them well with this work.

Finally, I would like to thank you for your support during my time as Chair of NHS Worcestershire, as part of the West Mercia Cluster. We have faced challenging times over the past couple of years as we have gone through the most significant transition that the NHS has seen. Your support has allowed us to continue with the 'day job' whilst negotiating the complex transition process.

I wish all the new organisations the very best for the work that lies ahead.

Joanna Newton
Chair
NHS Worcestershire

NHS WORCESTERSHIRE

NHS Worcestershire forms part of the West Mercia Cluster of PCTs, the revised governance arrangements for which were approved at the first West Mercia Cluster PCTs board meeting on 17th January 2012. NHS Worcestershire remains the statutory body covering its registered population until 31 March 2013.

The governance structure for the PCT has changed during the year to reflect the arrangements for the local offices of the NHS Commissioning Board. Within the West Mercia Cluster of PCTs, Herefordshire and Worcestershire joined with Coventry and Warwickshire PCTs to form a local office area whilst Shropshire and Telford and Wrekin PCTs joined with Staffordshire to form another local area.

'Our vision is of a county where people live longer and live better, have the support they need to adopt healthy lifestyles and have the choice of high quality services which are delivered as close to home as possible.'

This vision, defined by NHS Worcestershire, has continued to underpin the ways in which it has commissioned services for the local population during 2012/13.

During 2012/13 NHS Worcestershire commissioned services from a wide range of providers:

Primary care services: from 67 GP Practices, 95 Pharmacies, 64 Dental Practices and 174 Optometrists across the county.

Hospital based care: from 33 NHS and Non-NHS organisations, the majority of services being provided by Worcestershire Acute Hospitals NHS Trust. In addition full range of specialised services were commissioned via the West Midlands Strategic Commissioning Group and Local Collaborative Commissioning Board.

Emergency and urgent ambulance services: from the West Midlands Ambulance Service NHS Trust.

Community and mental health services: from Worcestershire Health and Care NHS Trust.

NHS Worcestershire serves a population of approximately 550,000, of whom 47,000 (8.5%) are aged over 75. 98,500 people (18%) are aged 65+. Worcestershire is predominately rural with good road connections to and from major national transport networks. More urban areas are found in central Worcester, north Kidderminster and the north and east of Redditch.

Research into local population health and care needs identified the following key areas as priorities:

- Reducing variations in the quality of care
- Meeting the needs of an ageing population
- Reducing premature mortality from circulatory diseases
- Mental health and mental wellbeing
- Addressing health inequalities
- Improving and encouraging healthy lifestyles including obesity, smoking and alcohol
- Optimising local acute and community services

Map of Worcestershire

NHS Redditch and Bromsgrove CCG

NHS Redditch and Bromsgrove Clinical Commissioning Group seeks to ensure the population of Redditch and Bromsgrove enjoy lives which are as healthy as possible. To achieve this, it has the following vision:

'Working together to promote high quality, affordable healthcare', bringing 'together local people, GPs and other clinical professionals to improve the quality and experience for patients of their health care'.

NHS Redditch and Bromsgrove Clinical Commissioning Group covers a geographical area predominantly within the geographic boundaries of Redditch Borough Council and Bromsgrove District Council, located within North East Worcestershire and within the Worcestershire County Council boundary. This includes the towns of Redditch, Bromsgrove, Hollywood, Barnt Green and Wythall.

There are 22 member practices within the CCG, all of which have been working closely together since 2006. Between these practices there is a total registered population of just over 170,000, which is approximately 30% of the overall population of Worcestershire. There is a commitment from the GPs within the group to work together and take forward the responsibility of clinical commissioning and this is well supported through the strong relationships developed with local stakeholders.

Clinical leadership is provided by seven Governing Body GPs, with Dr Jonathan Wells as the Chair/Clinical Leader, supported by Lead GPs for commissioning in each of the practices. This ensures that patients and public are truly represented by caring professionals who are best placed to understand the diverse healthcare needs of the local population. These clinical leaders are supported by a team of managers, led by Simon Hairsnape, the Chief Officer, all of whom are committed to securing high quality care for the people of the local area.

Achievements in 2012/13

There has been a focus on working with others across the health economy to tackle the local problems within the urgent care pathway. The introduction of the Virtual Ward, in partnership with Worcestershire Health and Care Trust has seen some real benefits for patients who are, wherever possible, supported at home rather than being admitted to hospital.

During 2012/13 the CCG went through the robust authorisation process for Clinical Commissioning Groups. This culminated in full authorisation without conditions from 18th January 2013.

Priorities for 2013/14

Developed in partnership with the practices, local people and local stakeholders, the CCG has set itself a number of strategic priorities for 2013/14 as follows, with plans being finalised to deliver against these during the coming year:

- Develop and sustain a culture of quality
- Achieve and sustain financial balance
- Reduce inappropriate unscheduled admissions
- Prevent avoidable admissions and support / improve the processes once patents are admitted
- Work jointly with the local authority to reduce health inequalities
- Improve access and outcomes for mental health services
- Support the Worcestershire Cancer Strategy

Further details about the CCG can be found at **www.redditchandbromsgroveccg.nhs.uk**

NHS SOUTH WORCESTERSHIRE CCG

NHS South Worcestershire CCG

NHS South Worcestershire CCG is the largest of the three CCGs in Worcestershire, encompassing 32 member GP practices across Droitwich, Evesham, Malvern, Pershore, Tenbury and Worcester.

It holds a budget of £307 million to commission hospital, community and mental health services for a population of 292,000 patients.

The Governing Body is clinically-led, including seven GPs, a registered nurse and a secondary clinician, all of whom have day-to-day knowledge of the health problems that residents face. The organisation's Chief Clinical Officer, Dr Carl Ellson, is also one of few GPs who have assumed the Accountable Officer role.

In January 2013 NHS South Worcestershire CCG was authorised by the NHS Commissioning Board without any conditions placed upon it – one of only nineteen CCGs in the second 'wave' of authorisations across the country to do so. This meant it had successfully met all 119 authorisation criteria set out during a rigorous assessment process.

NHS South Worcestershire CCG wants to ensure that the local health economy plays its part in delivering the vision of the Health and Wellbeing Strategy, which cites that 'Worcestershire residents are healthier, live longer and have a better quality of life, especially those communities and groups with the poorest health outcomes'. For the CCG it means:

- 'Ensuring that the population of south Worcestershire enjoy lives which are as healthy as possible'

Over the last two years two years the organisation has been working with the community to set its local priorities. It has set out four strategic aims as part of its 5 year strategy which can be seen in this:

Strategic aim	Measure of success
Improved quality and patient safety	• Fewer serious incidents and no never events
	• Fewer healthcare acquired infections
	• Improved patient experience of care
	• More people die in their chosen place of care
Reduced health inequalities	• Improved healthy life expectancy for all
	• Narrower gaps between the best and worst health outcomes
More independence	• More people helped to live independently, when they can safely manage their own health needs
	• People helped to return to their previous "normal", or where that is not possible their "new normal", more quickly after an episode of illness or injury
Better and faster access to urgent care	• Fewer urgent care admissions
	• Faster access to the best emergency healthcare option
	• Shorter lengths of stay

More information about NHS South Worcestershire CCG can be found on its website at **www.southworcsccg.nhs.uk**

NHS Wyre Forest CCG

NHS Wyre Forest Clinical Commissioning Group (CCG) has 12 local GP Practices who work together to make sure that the best possible healthcare is available for the people of Kidderminster, Stourport, Bewdley and the surrounding villages, covering a population of approximately 112,000. Local GPs and practice staff are involved with designing and commissioning (or buying) local services, as well as providing them.

The aim of the CCG is to:

'...bring together local people, GPs and other clinical professionals to improve the quality and experience for patients of their health care.'

This will be achieved by harnessing expertise, working with local people and helping our patients to make full use of the services that are available, and to change the way that these are currently delivered through the use of the local knowledge. We will ensure Practices work together in a consortium arrangement to maintain the strengths of general practice, focusing on the commissioning and development of high quality, effective and accessible services for patients whilst maintaining the financial governance via delegated budgets.

The CCG is led by Dr Simon Gates, the Clinical Chair and Simon Hairsnape, the Chief Officer. They are supported by a Board with a membership including two other local GPs, two lay representatives, a secondary care consultant, and a lead nurse. There is also a strong management team in place to ensure the decisions of the Board are implemented.

NHS Wyre Forest Clinical Commissioning Group (CCG) is totally committed to ensuring that patients and the wider public are at the heart of their decision making. One way in which this is supported is through an Advisory Group, chaired by one of the lay representatives on the Board which has been in place for more than two years. This group has a role in holding the CCG to account for its decisions and actions - it is able to question, give advice and present views and feedback on the business activity of the CCG. This two way communication is proving to be effective and of mutual benefit, reminding the CCG that it is accountable to patients and the public of Wyre Forest.

Achievements in 2012/13

Development of the Patient and Public Involvement Membership Scheme to support and encourage local people to be involved in decisions about their health care. This will be developed further in 2013/14.
Support to reduce health inequalities through a number of community based projects and activities, working with local people to help them identify their needs and to address them.

During 2012/13 the CCG achieved full authorisation as a Clinical Commissioning Group without conditions, following a robust assessment process.

Strategic Priorities 2013/14

- Implement our quality strategy
- Reduce unscheduled care admissions
- Manage elective care and ensure appropriate use of hospital services
- Ensure clinical engagement and service integration
- Complete our review of community nursing and beds
- Support general practice to improve quality and productivity
- Improve mental health pathway, especially access to mental health services in primary care
- Implement our emis web project
- Work jointly with the local authority to reduce health inequalities

More information about NHS Wyre Forest CCG can be found at **www.wyreforestccg.nhs.uk**

ACHIEVEMENTS & LEGACY

NHS Worcestershire maintained a strong emphasis on continuous quality improvement and below are some highlights from the last 12 months:

- The Quality Assurance Framework has been developed and will be adopted by all three CCGs in Worcestershire. The framework provides a robust process for commissioners to monitor and review the wide range of providers from whom health services are commissioned.

- A quality assurance visit model and training package for clinical and lay members has been developed. Building on previous processes the PCT invested in, the quality assurance visits model can be applied across a range of providers. Clinicians and lay members have received training in the process model, which is now used as the basis of any quality assurance visits to providers.

- Investment in pressure ulcer reduction was made through the PCT transformation fund in support of the NHS Midlands and East Eliminating Pressure Ulcers campaign. Through PCT transformation funding investment was made in pressure ulcer reduction in support of the Eliminating Pressure Ulcers campaign. This included support for e-training and diagnosis through use of digital images. The achievements from this project were celebrated at a county-wide conference.

- Recruitment to the county-wide safeguarding team has secured a robust team for the CCGs to use to support the safeguarding agenda across the county. This includes a Designated Nurse for Safeguarding, a Adult Safeguarding Lead, Designated Doctor and Designated Doctor for the Sudden unexplained Death in Infancy and Childhood (SUDIC) team and a Named GP for Safeguarding Children.

- Further investment has been made in the Quality and Patient Safety team to provide increased capacity for the quality assurance of services.

- In May 2012 the PCT celebrated Nurses' Day. All staff were invited to join the nurses in the Quality and Patient Safety Team for tea and a 'guess the team from baby pictures' quiz as well as having the opportunity to have their blood pressure checked.

The work undertaken in 2012/13 was achieved during a period of significant transition. All staff worked hard to ensure commissioning responsibilities were carried out alongside supporting the development of the new CCGs and the transition process itself.

The three CCGs in Worcestershire went through a robust and detailed assessment process by the NHS Commissioning Board during the year. This resulted in all three being fully authorised without conditions from January 2013.

OUR PEOPLE

Summary of workforce

Full time equivalent staff in post	
Medical and Dental	3.65
Nursing, Midwifery and Health Visiting	20.36
Scientific, Therapeutic and Technical	13.86
Health Care Assistants and other support staff	0.6
Managers and Senior Managers	32.91
Administration and Estates	137.36
Total (excluding bank, locums and agency)	**208.74**

Staff involvement and engagement

The Workforce Transition Plan was discussed and agreed at the Cluster Staff Partnership Board, which comprised staff and a Trades Unions' officer. The plan covered all the changes that would affect staff including transfers and local agreements. Outcomes from the meetings and developments in the plan were published regularly on the intranet and made available to all staff. Not all employees are members of a trade union, so local staff meetings with the cluster executive team were also essential for disseminating information and ensuring staff were kept up to date with the very complex change programme.

Learning and Development

To support staff during the transition, there were a number of opportunities to support staff with CV writing and interviewing skills. Regular 'drop in sessions' were also held for staff to meet senior members of the HR team to discuss any issues or concerns.

Equal opportunities

We have a legally binding Equality, Diversity and Human Rights Policy to eliminate all workplace discrimination and to reflect the diversity of our communities. We are also committed to enabling all employees to make full use of their skills and to achieve their full potential. Senior management believes that every employee has a part to play in creating an equal opportunities culture and should report discrimination, harassment or bullying directly to the appropriate manager or through the Human Resources Department.

Staff who become disabled

We are committed to retaining employees who become disabled wherever possible and to making all reasonable adjustments; for example, to job content or working hours.

Where appropriate, and recommended by the Occupational Health Service, support is provided for staff returning to work following long-term sickness. Managers will consider reasonable work adjustments or alternative work along with a phased return to normal working hours.

Sickness

There was a small increase in the rate of staff sickness, but because of the small numbers of staff employed, this was not significant. Staff commitment and resilience remained very high throughout what was a very challenging period.

Staff sickness table	2012-13	2011-12
Total days lost :	1968	1761
Total staff years :	210	194
Average working days lost :	9	9
Number of persons retired early on ill health grounds:	0	1
Total additional pensions liabilities accrued in the year	0	47

PCT Board

Chairman and Non-Executive Directors

Joanna Newton	Chair
Andrew Mason	Vice Chair and Non Executive Director
Helen Herritty	Non-Executive Director
Louise Lomax	Non-Executive Director
Susan Mead	Non-Executive Director
William Hutton	Non-Executive Director
Rob Parker	Non-Executive Director
Dr Bryan Smith	Non-Executive Director (to 31 May 2012)
Margaret Jackson	Non-Executive Director (from 1 June 2012)

Executive Directors

Eamonn Kelly	Chief Executive (to 31 December 2012)
Lesley Murphy	Chief Executive (from 1 January 2013)
Leigh Griffin	Deputy Chief Executive (to 31 October 2012) (non-voting member)
Brian Hanford	Director of Finance
Sue Doheny	Director of Nursing
Sue Price	Director of Commissioning (from October 2012 (non-voting member)
Paul Maubach	Director of Commissioning Development (non voting member) (to October 2012)
David Williams	Director of Operations and Delivery (from January 2013) (non voting member)
Dr Richard Harling	Director of Public Health
Dr Kiran Patel	Medical Director (to 31 October 2012)
Mr Martin Lee	Medical Director (from 1 November 2012)
Dr Anthony Kelly	Chair, PEC

Professional Executive Committee (known as the Clinical Senate)

The Clinical Senate is held individually for each PCT in the cluster area and is chaired by a local GP and is made up of a majority of clinical members working in Worcestershire. The Committee provides clinical advice and assurance to the Board.

Remuneration Committee

The Remuneration Committee recommends to the Board appropriate salaries, payments and terms & conditions of employment.

Audit Committee

The Audit Committee provides assurance to the Board that the organisation's overall internal control and governance system operates in an adequate and effective way. The Committee's work focuses not only on financial controls, but also risk management and clinical governance controls.

Quality Performance and Resources Committee

The Quality Performance and Resources Committee provides assurance to the Board that the PCT is meeting its performance targets, commissioning high quality services and using its resources wisely.

National Commissioning Committee

The National Commissioning Committee provides assurance to the Board that the PCT is meeting its performance in primary care and commissioning high quality services.

Clinical Commissioning Group Boards

The Clinical Commissioning Group Boards provide assurance to the PCT Board that they are undertaking delegated authority for commissioning as outlined in the scheme of delegation.

Strategic Commissioning

Strategic Commissioning oversees the commissioning of low volume, high value strategic commissioning decisions.

Declarations of Interest

Joanna Newton
- Chair of Governors, Weobley Primary School
- Shareholder, Glaxo Smith Kline (GSK)

Lesley Murphy
- Director C2S Management Ltd
- Director ANUME Ltd

Brian Hanford
- Trustee and Treasurer of HALO (non pecuniary)
- Spouse employed by Hoople Ltd (contractor to Herefordshire PCT)

Helen Herritty
- Husband employed by company supplying pumps to public sector building refurbishments
- Chair, Shropshire CCG

Louise Lomax
- Director, Severn Gorge countryside trust
- Consultant trainer, Citizens' Advice

Andrew Mason
- Trustee, Wyldwoods Charity

Susan Mead
- Husband NED, NHS Midlands & East SHA

William Hutton
- Fiancee employed by Shropshire Community Health Trust as Ward Sister
- Employed by Oracle Corporation supplying IT products and services to NHS

Rob Parker
- Rob Parker coaching & development (owner)

Dr Kiran Patel
- Consultant Cardiologist and Honorary Senior Lecturer, Sandwell and West Birmingham NHS Trust

Mr Martin Lee
- Chair, Comprehensive Local Research Network West Midlands South
- Chair, NCIN Breast Reference Group
- Interim Board Member, Academic Health Science Network

Leigh Griffin
- Director, Sefton for Africa

The following members listed their declarations as nil:

Eamonn Kelly
Dr Bryan Smith
Margaret Jackson
Sue Doheny
Dr Richard Harling
Dr Anthony Kelly
Sue Price
Paul Maubach

Infection control

Work to raise awareness of infection prevention and control has continued across the county. Education sessions provided for General Practice and Nursing Home settings have been well attended and in addition to this training, workbooks have been produced and distributed. Additional training relating to Clostridium difficile has also been provided and included information on the prescription of antibiotics.

Work has continued to reduce cases of Clostridium difficile diarrhoea and a small group of clinical leads from across the health economy meet on a regular basis to consider practices and review cases to ensure lessons learnt can be implemented. This has been further supported by an independent review process and recommendations and actions from this process are being taken forward by the CCGs. The Clostridium difficile passport has also been launched to raise awareness of this infection.

Audits looking at key infection prevention and control standards such as hand hygiene, cleaning and management of waste and sharps have been undertaken as requested for nursing homes and general practices within the county.

Surveillance of infections has been carried out in accordance with Health Protection Agency reporting with reviews undertaken of reportable blood stream infections.

A programme of visits to providers has also been introduced to ensure provision of appropriate consistent infection prevention and control practices, including support for outbreak management.

Emergency planning

Arrangements to co-ordinate the response to a major incident were delivered through the West Mercia PCT Cluster's Emergency Response Arrangements and whilst there were no major incidents for the PCT during this time, the PCT took part in the co-ordination of the wider response to a number of local incidents and events.

The PCT continued to work with the providers of NHS funded services and multi-agency partners to ensure that the local NHS was able to provide the best possible response to an emergency situation.

Going forward, the PCT has been actively engaged with the National Commissioning Board's Area Team and Clinical Commissioning Groups in the county to ensure the smooth transition of emergency preparedness, resilience and response arrangements into the new structures.

Serious Untoward Incidents

All Serious Incidents (SIs) are fully investigated by an appropriate member of staff using Root Cause Analysis and learning form these incidents is shared.

During 2012/13, there have been no corporate SIs for NHS Worcestershire for data loss or confidentiality breaches.

Charges for Information

NHS Worcestershire complies with the guidance issued by the Treasury as set out in annex 6.3 of 'Managing Public Money' on the charges it levies when responding to requests from members of the public under, for example, the Freedom of Information Act.

Complaints

NHS Worcestshire received 263 complaints between 1 April 2012 and 31 March 2013 compared to 236 in the previous year. All complaints were acknowledged within the required three working days with the majority on the day the complaint was received. Replies are sent to complainants in line with Department of Health guidance with all efforts being made to respond within 25 working days. There are occasions when there is a delay in responding to a complainant and this is in the main due to the complexity of the case.

Complaints are regarded as a positive opportunity to get direct feedback on a patient's perception of the quality of a service and, more importantly, as an opportunity for us to learn how services could be improved. Some examples of the action that has been taken include:

- A review of the method of delivering prescriptions to the chemist
- Significant events meetings and sharing of knowledge has reduced complaints
- A practice have changed their telephone number from 0844 to a local 01386 telephone number
- Amendments were made to the appointment system, including offering different appointment times for patients who work
- The practice has someone to whom a patient can speak directly if there is a problem
- Literature and leaflets have been produced to aid communication, along with alterations being made to the practice website
- Clinical decisions were reviewed with the clinician's peers (anonymously) to assess appropriateness and also to inform learning

In accordance with the Principles for Remedy published by the Parliamentary and Health Service Ombudsman, NHS Worcestershire has taken action to ensure that we were:

- Getting it right
- Being customer focused
- Being open and accountable
- Acting fairly and proportionately
- Putting things right
- Seeking continuous improvement.

GP and Dental Complaints

In 2012/13, there were 121 complaints about dental practices and 452 about GPs.

ANNUAL GOVERNANCE REPORT

1. Scope of responsibility

The Board is accountable for internal control. As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum. Worcestershire Primary Care Trust (PCT), known as NHS Worcestershire, has established robust accountability arrangements within the organisation to oversee the system of internal control. The Board Assurance Framework, which sets out the organisation's principal risks and objectives, is a key document for keeping the Board informed of significant risks.

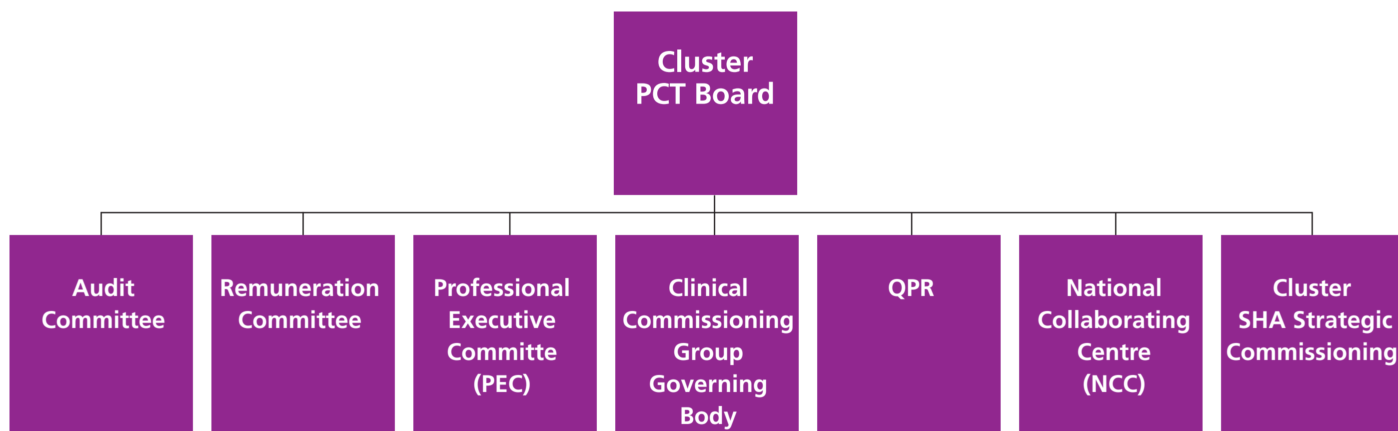
The PCT works closely with other healthcare organisations within the local health economy, NHS Midlands and East (SHA), the local and regional teams of the NHS Commissioning Board and other partner organisations in Worcestershire. Risk and control issues are considered and reviewed with these organisations as appropriate.

2. The governance framework of the organisation

NHS Worcestershire forms part of the West Mercia Cluster of PCTs the revised governance arrangements for which were approved at the first West Mercia Cluster PCTs board meeting on 17th January 2012. NHS Worcestershire remains the statutory body covering its registered population until 31 March 2013.

The governance structure for the PCT has changed during the year to reflect the arrangements for the local offices of the NHS Commissioning Board. Within the West Mercia Cluster of PCTs, Herefordshire and Worcestershire joined with Coventry and Worcestershire PCTs to form a local office area whilst Shropshire and Telford and Wrekin PCTs joined with Staffordshire to form another local area. In order to facilitate this new working arrangement, the Board has held meetings focusing on Herefordshire and Worcestershire in the South Cluster of the area.

From 17th January 2012:



During the year the Board has met 8 times as the West Mercia Cluster Board.

Details of the Cluster PCT Board sub committees can be found on page 10 of this report.

Corporate Governance is the system by which the PCT Board directs and controls the organisation at the most senior level in order to achieve its objectives and meet the necessary standards of accountability and probity. Using a risk management mechanism, the PCT Board brings together the various aspects of governance; corporate, clinical, financial, and information to provide assurance on its direction and control across the whole organisation in a co-ordinated way. The co-ordinating body for receiving assurance on these strands of governance is the Audit Committee, which has part of its remit to oversee integrated governance on behalf of the PCT Board. In addition the other sub committees also oversee the risks within their specific remits, providing assurance to the Audit Committee where appropriate.
Board members take their responsibilities for corporate governance very seriously and endeavour to maintain high standards of business conduct. Details of all Board members' interests are recorded in the Register of Members' Interests, available as part of the Annual Report, and this practice has been adopted by members of the Clinical Commissioning Group Governing Bodies. Members declare interests in items under discussion at meetings when appropriate and are conscious of their role in upholding and maintaining public confidence in the NHS.

The PCT Board complies with the Corporate Code of Governance and demonstrates this by individual Board members affirming their compliance with the Codes of Accountability and Codes of Conduct for the NHS when declaring their interests and in the values of accountability, probity and openness.
During the year members of the Board reviewed their effectiveness and the operation of Board meetings and the changes proposed, which centred on the development of the CCGs across the Cluster, arrangements for the discharge of the Board's functions and which, latterly, reflected the Cluster split, have been incorporated in the agenda planning and organisation of subsequent Board and sub-committee meetings.

The Board has also reviewed arrangements for the transition, handover and closedown of the PCTs with reports to the meetings in July, September and November 2012 and January and March 2013. The Audit Committee has considered the Transfer Schemes documentation and the return was signed off by the Audit Committee Chair. Risks identified as part of the transition process have been added to the strategic risk register and those not addressed by the end of the financial year have been handed over to the relevant successor organisation.

A formal handover meeting was held on 11 October 2012 between the outgoing Chief Executive of the PCT and the incoming NHS Commissioning Board Area Team Director who is also the PCT Chief Executive for the remainder of the financial year. Quality handover meetings have also been held with receiver organisations including the three Clinical Commissioning Groups, Local Authority (for Public Health) and NHS Commissioning Board.

In line with the Department of Health requirements, the Director of Finance has made arrangements for the preparation and audit of the PCT's accounts following closedown on the 31 March 2013. These include securing the agreement of appropriate non-executive members of the Board to serve on an Audit Committee and arranging for Arden and Worcester CSU to undertake the financial closedown and final accounts preparation.

3. The Risk and Control Framework and Risk Assessment

3.1 System of Control:

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

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

3.2 Risk Management Strategy

The Risk Management Strategy forms part of the control framework for NHS Worcestershire and defines the risk management processes of the whole organisation. It is reviewed annually and sets out the responsibilities and common methodologies for the assessment and the management of risks identified at all levels of organisation. The Strategy sets out the PCT's approach to risk, the accountability arrangements including the responsibilities of the Board and its sub-committees, directors, contractors and individual employees. It defines the risk management process including risk identification, analysis and evaluation which will be undertaken to ensure delivery of the Strategy and the capacity to handle risk across the PCT.

The PCT has developed a risk scoring matrix which is used for all risks, both clinical and non-clinical, incidents and complaints within the organisation.

The strategy outlines the elements of the Assurance Framework, including the Strategic Risk Register, and the processes for maintaining and monitoring it. The Assurance framework has been updated regularly during the 2012/13 financial year and has been considered by the Audit Committee and the Board.

3.2 Risk identification

Risks are identified, assessed and recorded in accordance with the Risk Management Strategy and Risk Assessment Code of Practice. The principles of the processes and the matrix described in the code of practice are applied to all risk registers, incident management and risk assessment activity across NHS Worcestershire. These processes are used to identify risks:

- retrospectively following the occurrence of an adverse incident;
- proactively by identifying of potential risks to service delivery; or
- during development of new activities

  It is acknowledged that risks may be shared with other organisations that the PCT works with jointly to deliver services. Shared risks are recorded on the risk register. Partnership meetings and liaison between Risk Managers inform the Strategic Risk Register of partner organisations including NHS Worcestershire.

3.4 Risk assessment

Risks on the risk registers are set against primary risk categories, including harm to a person and financial gain or loss, as documented in the Risk Management Strategy, derived from the organisation's goals. Risks are assessed and rated in the context in which they are being considered. The risk registers show residual risk in two forms, both as the degree of risk rated in the context of existing controls and an assessment of the risk that will remain at the end of the financial year as identified actions are implemented. Both types of residual risk are graded to give a ready assessment of the degree of accepted risk. Risks graded low or very low, in the context of the risk register on which they appear, will be removed from that risk register.

A risk management process is in place to identify and manage information risks. This consists of proactive risk assessments on key information assets, investigation of information related incidents and review of information related complaints.

The standard of information security is continually increasing and the information governance training programme has significantly increased staff awareness and compliance with PCT policies. It has also increased awareness of the need to report incidents but these have not highlighted any major weakness in our information security standards.

Information Governance aims to support the delivery of high quality care by promoting the effective and appropriate use of information. The IG Assurance Framework is formed by those elements of law and policy, from which applicable IG standards are derived, and the activities and roles which individually and collectively ensure that these standards are clearly defined and met. Whilst a key focus of IG is the use of information about patients, it applies to information and information processing in its broadest sense and underpins both clinical and corporate governance.
The IG Assurance Framework essentials are:

The IG Assurance Framework essentials
The PCT must use the NHS IG Toolkit to assess and publish details of performance
The PCT must ensure that staff undertake appropriate IG training annually
The PCT should make staff continuously aware of the existing IG policies and guidelines, the fact that they must be followed in practice, and that a breach of policy will be regarded as a disciplinary matter
The PCT must publish details of serious incidents involving actual or potential loss of personal data or breach of confidentiality in annual reports and report them in line with Department of Health guidelines
The PCT should ensure that IG is explicitly referenced within its statement of internal controls
The PCT must have an effectively supported Board level Senior Information Risk Owner (SIRO) who should update the Board regularly on information risk issues

There have been no serious untoward incidents involving personal data reported to the Information Commissioner's Office in 2012-13.

3.5 Risk control

As part of the risk management process existing controls and gaps in controls are identified. Where necessary, actions are identified to develop further controls to adequately mitigate the identified risks. The management of risk includes identification of budgets and resources necessary to facilitate the implementation of identified actions. Where risks are not accepted by the Board, action plans are drawn up to reduce the likelihood or consequences of its occurrence.

The Risk Register which is supported by a hierarchy of other risk registers is the principle document in the Assurance Framework and includes information on existing controls; i.e. systems already in place to limit the chances of the identified risk occurring or its possible outcomes, as well as further actions that can be taken with timescales.

4. Review of the Effectiveness of Risk Management and Internal Control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Executive Managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

My review is also informed by:

- The work programme of Internal Audit and, in particular, their opinion on the system of internal control and the Board Assurance Framework. The Head of Internal Audit opinion for 2012/13 is that significant assurances can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives and that controls are generally being applied consistently. However, some weaknesses in the design and/or inconsistent application of controls put the achievement of particular objectives at risk.
- Counter Fraud and Security Management assurance
- Audit Committee programmes and review
- Personal involvement in the Board and relevant sub-committees
- External reviews of the PCT's main provider organisation
- Internal and external audit reports
- External auditors in their management letter and other reports
- Monthly performance monitoring by the Strategic Health Authority and NHS Commissioning Board
- Serious incident reporting
- Information Governance Toolkit assurance

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, Audit Committee and Executive Managers.

The Board has received regular reporting from the Chair of the Audit Committee based upon the minutes of each Audit Committee meeting summarising activity and its concerns. Through this mechanism the chair of the committee has ensured that the Board is aware of any significant challenges to the system of internal control and updates on progress in addressing these.

Audit Committee: The work of the Audit Committee has been informed by the activity of a number of working groups/PCT functions and has received exception summaries from these groups within the Group Summaries element of the Assurance Framework.

Executive Managers: Individual Executive Directors of the PCT review their respective parts of the Strategic Risk Register with the Risk Manager and amend where necessary.
Audit recommendations: Implementation of both internal and external audit recommendations are monitored within the Recommendation Tracking element of the Assurance Framework.

5. Significant issues

As a result of the processes and assurances described above (including the Head of Internal Audit opinion for the year) it is my opinion that there are no significant issues that need to be detailed in the Annual Governance Statement.

6. Conclusion

As Accountable Officer, and based on the review process outlined above, I can confirm that the Annual Governance Statement is a balanced reflection of the actual controls position and there are no significant issues identified for the PCT.

Accountable Officer: Lesley Murphy
Organisation: NHS Worcestershire

REPORT BY DIRECTOR OF FINANCE

Worcestershire PCT met its financial duties to remain within financial limits during 2012-13. In addition the PCT was required by the Strategic Health Authority to deliver a surplus on its revenue resource limit of £3,000,000 (control total). Worcestershire PCT ended the year with a £3,029,000 revenue surplus and therefore delivered both its statutory duty and met its SHA control total.

Worcestershire PCT's financial plan for 2012-13 included targeted savings nationally known as QIPP (Quality, Innovation, Productivity and Prevention) programme. The PCT delivered £11.4m of net QIPP savings during the year.

As part of the re-organisation of NHS commissioning, Worcestershire PCT was dis-established on 31st March 2013. NHS England will manage the settlement of debtors and creditors relating to the former PCT. As from 1st April 2013, commissioning responsibilities for the population of Worcestershire will be dispersed across the following organisations:

- NHS England
- Redditch and Bromsgrove Clinical Commissioning Group
- South Worcestershire Clinical Commissioning Group
- Wyre Forest Clinical Commissioning Group
- Worcestershire County Council

The summary financial statements are a summary of the information in the full accounts and may not contain sufficient information for a full understanding of the PCT's financial position and performance. A copy of the full accounts is available at a nominal cost of £5.00 to cover copying and postage from:

Finance Director

Arden, Herefordshire & Worcestershire Area Team
Ground Floor
West Wing
Wildwood
Wildwood Drive
Worcester
WR5 2LG

These reports have been audited by Grant Thornton.

Audit Fees

PCT Audit Fees Plan	£118,800.00
Actual Fees	£118,800.00
QIPP Review	£9,999.00

OPERATING SEGMENTS

	2012-13 £000	2011-12 £000
Expenditure		
Clinical Commissioning Groups	626,131	614,126
Shadow National Commissioning Board	221,538	208,207
Public Health	23,671	19,784
Corporate Services	21,139	21,074
Earmarked Reserves and Developments	18,180	11,441
Total	**910,659**	**874,632**
Segment Expenditure	910,659	874,632
Revenue Resource Limit	913,688	877,676
Common costs		0
Surplus/(Deficit)	**3,029**	**3,044**

The clinical commissioning groups have operated in shadow form since 2011-12 but the PCT remained the statutory body.

RELATED PARTIES

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

Related Party	Purpose of Transaction	£m	Creditors £m
Worcestershire Acute Hospitals NHS Trust	Purchase of Healthcare	280	3.1
Worcestershire Health and Care NHS Trust	Purchase of Healthcare	143	1.2
(Formerly Worcestershire Mental Health Partnership Trust and Worcestershire PCT Provider Arm)			
Birmingham East & North PCT *	Purchase of Healthcare	72	0.0
University Hospitals Birmingham NHS Foundation Trust	Purchase of Healthcare	21	1.9
West Midlands Ambulance Service NHS Foundation Trust	Purchase of Healthcare	18	0.6
(Formally West Midlands Service NHS Trust until 31.12.12)			
Gloucestershire Hospitals NHS Foundation Trust	Purchase of Healthcare	15	0.3
Royal Orthopaedic NHS Foundation Trust	Purchase of Healthcare	5	0.3
Birmingham Childrens Hospital NHS Foundation Trust	Purchase of Healthcare	4	0.4
The Dudley Group of Hospitals NHS Foundation Trust	Purchase of Healthcare	4	0.0
University Hospital Coventry & Warwick NHS Trust	Purchase of Healthcare	3	0.3
Sandwell & West Birmingham Hospitals NHS Trust	Purchase of Healthcare	3	0.1
Heart of England NHS Foundation Trust	Purchase of Healthcare	3	0.3
Wye Valley NHS Trust	Purchase of Healthcare	2	0.0
(Formerly Hereford Hospitals NHS Trust. NHS Herefordshire PCT Provider Services and Herefordshire Council Adult Social Care)			
Royal Wolverhampton Hospitals NHS Trust	Purchase of Healthcare	1	0.0
Birmingham Womens NHS Foundation Trust	Purchase of Healthcare	1	0.2
South Warwickshire NHS Foundation Trust	Purchase of Healthcare	1	0.1
Birmingham Community Healthcare NHS Trust	Purchase of Healthcare	1	0.0

* The entire payment to Birmingham East and North PCT relates to the commissioning of services through the West Midlands Specialist Commissioning Services which is hosted by Birmingham East and North PCT

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

Related Party	Purpose of Transaction	£m	Creditors £m
Worcestershire County Council	Purchase of Community Care	21.9	2.5
HM Revenue & Customs	Payment of Income Tax etc.	2.7	0
NHS Pensions Scheme	Payment of Superannuation	10.6	0.8

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

		Payments to Related Party	Amounts owed to Related Party
		£	**£**
Dr A Kelly, F Blaine, D Farmer & C Ellson	Shareholders of Elgar Healthcare	1,531,189	29,407
Dr J Leach	GP at Davenal House	1,251,828	136,549
Dr C Ellson - Corbett Medical Practice	Mainly relates to GP Contract	1,785,722	168,277
Dr Kelly - Spa Medical Practice	Mainly relates to GP Contract	1,533,535	103,648
Dr S Gates - Bewdley Medical Practice	Mainly relates to GP Contract	1,895,048	180,048
Dr J Wells - Hillview Medical Practice	Mainly relates to GP Contract	1,064,034	82,213

PRIOR YEAR COMPARATORS 2011-12

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

Related Party	Purpose of Transaction	£m	Creditors £m
Worcestershire Acute Hospitals NHS Trust	Purchase of Healthcare	270	5.5
Worcestershire Health and Care NHS Trust	Purchase of Healthcare	153	4.0
(Formerly Worcestershire Mental Health Partnership Trust and Worcestershire PCT Provider Arm)			
Birmingham East & North PCT *	Purchase of Healthcare	72	0.0
University Hospitals Birmingham NHS Foundation Trust	Purchase of Healthcare	21	0.6
Gloucestershire Hospitals NHS Foundation Trust	Purchase of Healthcare	19	1.2
Royal Orthopaedic NHS Foundation Trust	Purchase of Healthcare	6	0.2
Birmingham Childrens Hospital NHS Foundation Trust	Purchase of Healthcare	5	0.4
The Dudley Group of Hospitals NHS Foundation Trust	Purchase of Healthcare	4	0.0
University Hospital Coventry & Warwick NHS Trust	Purchase of Healthcare	4	0.1
Sandwell & West Birmingham Hospitals NHS Trust	Purchase of Healthcare	3	0.1
Heart of England NHS Foundation Trust	Purchase of Healthcare	3	0.0
Wye Valley NHS Trust	Purchase of Healthcare	2	0.8
(Formerly Hereford Hospitals NHS Trust. NHS Herefordshire PCT Provider Services and Herefordshire Council Adult Social Care)			
Royal Wolverhampton Hospitals NHS Trust	Purchase of Healthcare	1	0.0
Birmingham Womens NHS Foundation Trust	Purchase of Healthcare	1	0.0
Birmingham and Solihull MH NHS Foundation Trust	Purchase of Healthcare	1	0.1
South Warwickshire NHS Foundation Trust	Purchase of Healthcare	1	0.1
Birmingham Community Healthcare NHS Trust	Purchase of Healthcare	1	0.0

* The entire payment to Birmingham East and North PCT relates to the commissioning of services through the West Midlands Specialist Commissioning Services which is hosted by Birmingham East and North PCT

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

Related Party	Purpose of Transaction	£m	Creditors £m
Worcestershire County Council	Purchase of Community Care	18.2	3.9
HM Revenue & Customs	Payment of Income Tax etc.	3	0.1
NHS Pensions Scheme	Payment of Superannuation	10	1.1

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

		Payments to Related Party	Amounts owed to Related Party
Mrs Carol Thompson	Non-Exec Director of Heart of England Housing & Care Ltd	46,286	0
	(Up Until 31st July 2011)		
Dr A Kelly, F Blaine, D Farmer & C Ellson	Shareholders of Elgar Healthcare	1,094,196	12,839
Dr J Leach	GP at Davenal House	1,249,217	87,778
Dr C Ellson - Corbett Medical Practice	Mainly relates to GP Contract	1,669,959	106,742
Dr Kelly - Spa Medical Practice	Mainly relates to GP Contract	1,608,431	99,177
Dr S Gates - Bewdley Medical Practice	Mainly relates to GP Contract	1,176,692	159,851
Dr J Wells - Hillview Medical Practice	Mainly relates to GP Contract	1,072,603	66,871

STATEMENT OF CASH FLOWS

Cash Flows from Operating Activities	2012-13 £000	2011-12 £000
Net Operating Cost Before Interest	(910,778)	(874,543)
Depreciation and Amortisation	1,312	1,232
Impairments and Reversals	446	409
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	23	(53)
(Increase)/Decrease in Trade and Other Receivables	143	(5,235)
(Increase)/Decrease in Other Current Assets	0	0
Increase/(Decrease) in Trade and Other Payables	1,421	7,833
(Increase)/Decrease in Other Current Liabilities	0	0
Provisions Utilised	(537)	(1,007)
Increase/(Decrease) in Provisions	4,739	279
Net Cash Inflow/(Outflow) from Operating Activities	**(903,231)**	**(871,085)**
Cash flows from investing activities		
Interest Received	0	0
(Payments) for Property, Plant and Equipment	(2,392)	(3,718)
(Payments) for Intangible Assets	0	0
(Payments) for Other Financial Assets	0	0
(Payments) for Financial Assets (LIFT)	0	0
Proceeds of disposal of assets held for sale (PPE)	185	350
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	(2,207)	(3,368)
Net cash inflow/(outflow) before financing	**(905,438)**	**(874,453)**
Cash flows from financing activities		
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT	0	0
Net Parliamentary Funding	905,467	874,451
Capital Receipts Surrendered	0	0
Capital grants and other capital receipts	0	0
Cash Transferred (to)/from Other NHS Bodies (free text note required)	0	0
Net Cash Inflow/(Outflow) from Financing Activities	905,467	874,451
Net increase/(decrease) in cash and cash equivalents	29	(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	0	0
Cash and Cash Equivalents (and Bank Overdraft) at year end	30	1

	2012-13	2012-13	2011-12	2011-12
	Number	£000	Number	£000
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	13,896	173,997	17,105	163,479
Total Non-NHS Trade Invoices Paid Within Target	13,246	168,686	16,493	161,631
Percentage of NHS Trade Invoices Paid Within Target	95.32%	96.95%	96.42%	98.87%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	4,521	525,935	4,398	498,910
Total NHS Trade Invoices Paid Within Target	4,205	509,117	3,991	486,954
Percentage of NHS Trade Invoices Paid Within Target	93.01%	96.80%	90.75%	97.60%

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.

	Total	Commissioning Services	Public Health
PCT Running Costs 2012-13			
Running costs (£000s)	17,531	16,069	1,462
Weighted population (number in units)*	518,203	518,203	518,203
Running costs per head of population (£ per head)	34	31	3
PCT Running Costs 2011-12			
Running costs (£000s)	18,062	16,595	1,467
Weighted population (number in units)	518,203	518,203	518,203
Running costs per head of population (£ per head)	35	32	3

* 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.

EXIT PACKAGES

	2012-13			2011-12		
Exit package cost band (including any special payment element)	*Number of compulsory redundancies	*Number of other departures agreed	"Total number of exit packages by cost band	*Number of compulsory redundancies	*Number of other departures agreed	"Total number of exit packages by cost band
	Number	Number	Number	Number	Number	Number
Lees than £10,000	*	0	*	0	0	0
£10,001-£25,000	*	0	*	0	*	*
£25,001-£50,000	0	0	*	0	*	*
£50,001-£100,000	*	0	*	0	*	*
£100,001 - £150,000	0	0	0	0	*	*
£150,001 - £200,000	*	0	*	0	0	0
>£200,000	*	0	*	0	0	0
Total number of exit packages by type (total cost	**12**	**0**	**12**	**0**	**10**	**10**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Total resource cost	**929**	**0**	**887**	**0**	**607**	**607**

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

This disclosure reports the number and value of exit packages 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.

*Numbers are rounded to the nearest ten, and numbers five or less are represented by *

Details of the membership of the Committee.	The Remuneration Committee of the PCT is a sub-committee of the PCT Board, which determines the remunerations, allowances and terms of service of the Chief Executive and those Executive Directors reporting directly to the PCT and two Non Executive Directors. The Committee shall undertake the following duties:
	a) To agree appropriate remuneration and terms of service for the Chief Executive and other Executive Directors including: - All aspects of salary (including any performance-related elements bonuses) - Provisions for other benefits, including pensions arrangements for terminations of employment and other contractual terms b) To monitor and evaluate the performance of increased Executive Directors c) To advise on, and oversee, appropriate contractual arrangements for Executive Directors including proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate
	The pay of directors and senior managers was not increased from April 2011. The remuneration and pension entitlements of senior managers are included in the table on pages 29 - 31 of this report.
The policy on the remuneration of senior managers for current and future financial years.	This is decided by the Remuneration Committee is in line with national guidance.
The methods used to assess whether performance conditions were met and why those methods were chosen. If relevant, why the methods involved comparison with outside organisations.	The objectives of the Directors are set in line with the PCT's statement of overall objectives. The overall corporate objectives are monitored and disclosed to the Board on a regular basis as well as there being an individual assessment by the Chief Executive with each Director. This is in line with NHS practice.
The relative importance of the relevant proportions of remuneration which are, and which are not, subject to performance conditions.	The Remuneration Committee uses national guidance which can be found in the Very Senior Managers pay guidance issued by the Department of Health.
Pension Scheme and liabilities of the PCT	NHS Creditors include £70,000 pension costs at 31st March 2013 (£1,093,000 at 31st March 2012). The accounting policy for pensions and an outline of the scheme is set out on page 32 of this report.
Amounts which are payable to related parties for services for a senior manager.	This is included in the table on page 24.

SALARY ENTITLEMENT

Name	Title	2012-13 relating to Worcestershire PCT				2011-12 relating to Worcestershire PCT			
		Salary (bands of £5000) £000	Other remuneration (bands of £5000) £000	Bonus Payments (bands of £5000) £000	Benefits in kind (bands of £100)	Salary (bands of £5000) £000	Other remuneration (bands of £5000) £000	Bonus Payments (bands of £5000) £000	Benefits in kind (bands of £100)
Dr Sumit Bhaduri	Consultant and Clinical Senate Member					35-40			
Felix Blaine	Clinical Senate Member	15-20				10-15			
Sandra Brennan	Director of Clinical Development and Lead Executive Nurse					20-25			
Chris Burdon	Non-Executive Director					5-10			
Finbarr Costigan	Dental Director and Clinical Senate Member					25-30			
Dr Richard Davies	Clinical Senate Member	10-15				10-15			
Dr Tony DeCothi	Clinical Senate Member	15-20				10-15			
Sue Doheny	Director of Quality & Clinical Leadership -West Mercia Cluster	40-45				5-10			0-100
Dr Carl Ellson	Chair South Worcestershire CCG/Clinical Senate Member	125-130				85-90			
Dr David Farmer	Clinical Senate Member	5-10				10-15	5-10		
Teresa French	Director of Provider Services					20-25			
Jo Galloway	Lead Nurse Quality and Safety	95-100				45-50			
Dr Simon Gates	Chair Wyre Forest CCG	60-65				50-55			
Leigh Griffin	Managing Director T&WPCT and SCPCT / Deputy CEO of Cluster	45-50				10-15			201-300
Tony Hadfield	Non-Executive Director	5-10				5-10			
Simon Hairsnape	Chief Operating Officer-Redditch, Bromsgrove and Wyre Forest CCG	105-110				95-100			
Brian Hanford	Director of Finance, West Mercia Cluster	55-60				70-75			
Dr Richard Harling	Joint Director of Public Health NHS Worcestershire and WCC	100-105		15-20		100-105		10-15	
Dr Helen Herritty	Non-Executive Director	20-25				0-5			
Jill Houghton	Director of Nursing, West Mercia Cluster					30-35			
William Hutton	Non-Executive Director	5-10				0-5			
Margaret Jackson	Non-Executive Director	10-15				5-10			
Dr Anthony Kelly	Clinical Senate Chair	35-40				35-40			

Name	Title	2012-13 relating to Worcestershire PCT				2011-12 relating to Worcestershire PCT			
		Salary (bands of £5000) £000	Other remuneration (bands of £5000) £000	Bonus Payments (bands of £5000) £000	Benefits in kind (bands of £100)	Salary (bands of £5000) £000	Other remuneration (bands of £5000) £000	Bonus Payments (bands of £5000) £000	Benefits in kind (bands of £100
Eamonn Kelly	Chief Exec,NHS Worcestershire (& West Mercia Cluster to 31 Dec 2012)	65-70				90-95			
Dr Jonathan Leach	Medical Director and Director of Primary Care	100-105				90-95			
Louise Lomax	Non-Executive Director	5-10				0-5			
Andrew Mason	Non-Executive Director	15-20				0-5			
Paul Maubach	Director of Commissioning Development	25-30				40-45			
Susan Mead	Non Executive Director and Locality Lead, Herefordshire	5-10				0-5			
Lesley Murphy	Chief Executive, Arden LAT of Nat Commissioning Board	***							
Joanna Newton	Chair - West Mercia Cluster	15-20				10-15			
Rob Parker	Non Executive Director, Worcestershire - West Mercia Cluster	15-20				10-15			
Dr Kiran Patel	Medical Director - West Mercia Cluster	35-40				15-20			
Dr Shaun Pike	Clinical Senate Member	5-10				0-5			
Peter Pinfield	Non-Executive Director	5-10				5-10			
Sue Price	Director of Commissioning, Arden LAT of Nat Commissioning Board	***							
David Priestnall	Non-Executive Director					0-5			
Dr Bryan Smith OBE	Non Executive Director	15-20				30-35			
Carol Thompson	Non-Executive Director	5-10				5-10			
Simon Trickett	Chief Operating Officer – South Worcestershire CCG	90-95				20-25			
Mary Walters	Chief Finance Officer	90-95				70-75			
Jonathan Wells	Chair Redditch and Bromsgrove CCG	45-50				55-60			
David Williams	Director of Operations & Delivery	***							

Pay Multiples 2012/12

The highest paid Director was Richard Harling Joint Director of Public Health. The midpoint of his salary band is £81,502. In addition to this he received £14,785 Clinical Excellence award and £10,048 Director of Public Health Payment, as well as On Call payments. The three payments above total £106,335. The median salary for the PCT was £44,849, meaning the ratio between this and the highest paid Director was 2.37.

SALARY ENTITLEMENT

* These people work for the West Mercia cluster & 45.6% of their salary since the start of their Cluster appointment has been allocated to this PCT based on weighted capitation. The figure in this column is their total annual salary ignoring any recharges.

** These people work for Telford & Wrekin PCT & Shropshire County PCT as well as the Cluster. 45.6% of their salary relating to their cluster role since the start of their cluster appointment has been allocated to this PCT. The figure in this column is their total annual salary ignoring any recharges.

*** These Directors took up their posts during 2012-13 but no costs were incurred as their salaries have been paid by NHS organisations outside of the West Mecia Cluster

Pay Multiples 2012/2013

The highest paid Director was Richard Harling Joint Director of Public Health. The midpoint of his salary band is £81,502.

In addition to this he received £14,785 Clinical Excellence award and £10,048 Director of Public Health Payment, as well as on call payments.

The three payments above total £106.335.
The median salary for the PCT was £33,259, meaning the ratio between this and the highest paid director was 3.20.

Pay Multiples variances 2011/12 and 2012/13

Two off-payroll engagements were in place at a cost of over £58,200 per annum as at 31 January 2012. One of these engagements finished at the end of March 2013.

Two new off-payroll engagements were in place for more than six months at a rate of more than £220 per day between 23 August 2012 and 31 March 2013.

Assurance has been received regarding both of these arrangements to the effect that the the individuals have accounted to HMRC for their tax obligations.

The Directors pay remained constant due to the freeze on public sector pay, the reduction in the median pay relates to senior directors leaving roles in 2012/13 and not been filed due to the restructuring on the NHS.

PENSION LIABILITIES

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, 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.

NHS Creditors include £870k pension costs at 31 March 2013 (£1,093k at 31 March 2012).

Surname	First Name	Position	Date Started	Date Left	Real increase in pension at age 60	Lump Sum at Aged 60 Related to Real Increase In Pension	Total Accrued Pension at Age 60 at 31 March 2013	Lump sum at aged 60 at 31 March 2013	Cash Equivalent Transfer Value at 31 March 2013	Cash Equivalent Transfer Value at 31 March 2012	Real Increase in Cash Equivalent Transfer Value
					(band of £2,500)	(bands of £2,500)	(band of £5,000)	(bands of £5,000)	(£000)	(£000)	(£000)
Section A											
Ellson *	Carl	Chair South Worcestershire CCG	Aug-12		*	*	65-70	205-210	1,426	*	*
Galloway	Joanne	Lead Nurse Quality and Safety	Aug-11		0-2.5	2.5-5	25-30	75-80	410	366	25
Hairsnape	Simon	Chief Operating Officer-Redditch, Bromsgrove and Wyre Forest CCG			N/A	N/A	30-35	100-105	704	661	9
Hanford	Brian	Director of Finance, West Mercia Cluster	May-11		N/A	N/A	35-40	105-110	611	569	12
Harling	Richard	Joint Director of Public Health NHS Worcestershire and WCC			0-2.5	0-2.5	25-30	75-80	366	335	14
Kelly	Eamonn	Chief Executive, NHS Worcestershire & West Mercia Cluster	May-11		0-2.5	0-2.5	65-70	200-205	1,433	1,317	47
Leach **	Jonathan	Medical Director and Director of Primary Care			2.5-5	**	5-10	**	100	62	34
Trickett **	Simon	Chief Operating Officer – South Worcestershire CCG	Mar-12		0-2.5	**	20-25	**	208	172	27
Walters	Mary	Chief Finance Officer	Jun-11		0-2.5	0-2.5	35-40	115-120	742	683	23
Section B											
Doheny	Sue	Director of Quality & Clinical Leadership -West Mercia Cluster	Feb-12		0-2.5	2.5-5	15-20	50-55	297	253	31
Maubach	Paul	Director of Commissioning Development	May-11	Sep-12	0-2.5	2.5-5	N/A	N/A	N/A	384	30
Patel	Kiran	Medical Director - West Mercia Cluster	Sep-11		No data available	No data available	No data available	No data available	No data available	No data available	No data available

The PCT is the substantive employer of the staff in section A
The people in section B are employed by other NHS Bodies as below
Herefordshire PCT - Sue Doheny
Warwickshire PCT - Jill Houghton & Paul Maubach
Sandwell & West Birmingham NHS Trust - Kiran Patel

* No data available for 2011-12
** No lump sum applicable as Section 2008 Member

STATEMENT OF COMPREHENSIVE NET EXPENDITURE

	NOTE	2012-13 £000	2011-12 £000
Administration Costs and Programme Expenditure			
Gross employee benefits	7.1	15,273	13,299
Other costs	5.1	915,224	880,669
Income	4	(19,719)	(19,425)
Net operating costs before interest		**910,778**	**874,543**
Investment income	9	0	0
Other (Gains)/Losses	10	(70)	0
Finance costs	11	82	89
Net operating costs for the financial year		**910,790**	**874,632**
Transfers by absorption -(gains)		0	
Transfers by absorption - losses		0	
Net (gain)/loss on transfers by absorption		0	
Net Operating Costs for the Financial Year including absorption transfers		**910,790**	**874,632**
Of which:			
Administration Costs			
Gross employee benefits	7.1	8,776	8,378
Other costs	5.1	9,174	12,651
Income	4	(348)	(2,967)
Net administration costs before interest		**17,602**	**18,062**
Investment income	9	0	0
Other (Gains)/Losses	10	(70)	0
Finance costs	11	0	0
Net administration costs for the financial year		**17,532**	**18,062**
Programme Expenditure			
Gross employee benefits	7.1	6,497	4,921
Other costs	5.1	906,050	868,018
Income	4	(19,371)	(16,458)
Net programme expenditure before interest		**893,176**	**856,481**
Investment income	9	0	0
Other (Gains)/Losses	10	0	0
Finance costs	11	82	89
Net programme expenditure for the financial year		**893,258**	**856,570**
Other Comprehensive Net Expenditure		2012-13	2011-12
		£000	£000
Impairments and reversals put to the Revaluation Reserve		262	13
Net (gain) on revaluation of property, plant & equipment		0	(1,968)
Net (gain) on revaluation of intangibles		0	0
Net (gain) on revaluation of financial assets		0	0
Net (gain)/loss on other reserves		0	0
Net (gain)/loss on available for sale financial assets		0	0
Net (gain) /loss on Assets Held for Sale		0	
Release of Reserves to Statement of Comprehensive Net Expenditure		0	
Net actuarial (gain)/loss on pension schemes		0	0
Reclassification Adjustments			
Reclassification adjustment on disposal of available for sale financial assets		0	0
Total comprehensive net expenditure for the year		**911,052**	**872,677**

STATEMENT OF FINANCIAL POSITION

	NOTE	2012-13 £000	2011-12 £000
Non-current assets:			
Property, plant and equipment	12	46,364	46,638
Intangible assets	13	0	0
investment property	15	0	0
Other financial assets	21	0	0
Trade and other receivables	19	0	0
Total non-current assets		46,364	46,638
Current assets:			
Inventories	18	185	208
Trade and other receivables	19	9,056	9,199
Other financial assets	36	0	0
Other current assets	22	0	0
Cash and cash equivalents	23	30	1
Total current assets		9,271	9,408
Non-current assets held for sale	24	1,555	1,509
Total current assets		**10,826**	**10,917**
Total assets		**57,190**	**57,555**
Current liabilities			
Trade and other payables	25	(56,791)	(54,855)
Other liabilities	26,28	0	0
Provisions	32	(4,572)	(412)
Borrowings	27	0	0
Other financial liabilities	36.2	0	0
Total current liabilities		**(60,363)**	**(55,267)**
Non-current assets plus/less net current assets/liabilities		**(3,173)**	**2,288**
Non-current liabilities			
Trade and other payables	25	0	0
Other Liabilities	28	0	0
Provisions	32	(2,907)	(2,783)
Borrowings	27	0	0
Other financial liabilities	36.2	0	0
Total non-current liabilities		**(2,907)**	**(2,783)**
Total Assets Employed:		**(6,080)**	**(495)**
Financed by taxpayers' equity:			
General fund		(15,329)	(10,182)
Revaluation reserve		9,249	9,687
Other reserves		0	0
Total taxpayers' equity:		(6,080)	(495)

2012-13 Annual Accounts of Worcestershire Primary Care Trust

STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;

- make judgements and estimates which are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

- ensure that the PCT kept proper accounting records which disclosed with reasonable accuracy at any time the financial position of the primary care trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State.

- have taken reasonable steps for the prevention and detection of fraud and other irregularities.

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

By order of the Permanent Secretary.

nb: sign and date in any colour ink except black

4.6.13 ....Date..Signing Officer

4/6/13 ....Date ....Finance Signing Officer

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.

nb: sign and date in any colour ink except black

Signed...Designated Signing Officer

Name: Lesley Murphy

Date 4.6.13

INDEPENDENT AUDITOR'S REPORT TO THE DEPARTMENT OF HEALTH'S ACCOUNTING OFFICER IN RESPECT OF WORCESTERSHIRE PCT

We have audited the financial statements of Worcestershire PCT 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 page 29;
- the table of pension benefits of senior managers and related narrative notes on page 33; and
- the pay multiples on page 31.

This report is made solely to the Department of Health's accounting officer in respect of Worcestershire PCT 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 Worcestershire PCT 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 detailed value for money risk assessment

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 Worcestershire PCT in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Elizabeth Cave
Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP

Colmore Plaza
20 Colmore Circus
Birmingham
B4 6AT

7 June 2013

ANNUAL REPORT
2012-2013

NHS Worcestershire
Tel:
Fax:
Email:
Website: www.

Department of Health

Worcestershire Primary Care Trust

2012-13 Accounts

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Worcestershire Primary Care Trust

2012-13 Accounts

2012-13 Annual Accounts of Worcestershire Primary Care Trust

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

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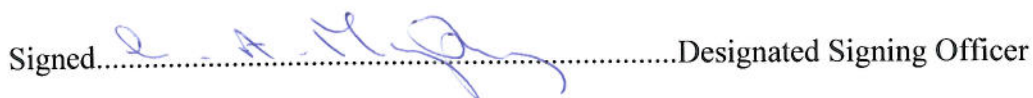
To the best of my knowledge and belief, I have properly discharged the above responsibilities, as designated Signing Officer and through experience in my role as Accountable Officer until 31 March 2013.

nb: sign and date in any colour ink except black



Signed...Designated Signing Officer

Name: Lesley Murphy

Date 4.6.13

2012-13 Annual Accounts of Worcestershire Primary Care Trust

STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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By order of the Permanent Secretary.

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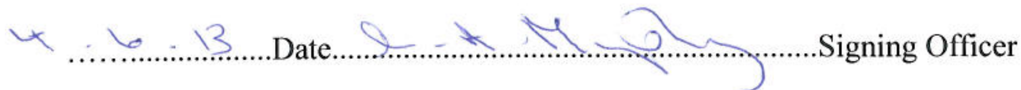

4.6.13 ....Date..........Signing Officer

4/6/13 ....Date ....Finance Signing Officer

NHS
Worcestershire

NHS WORCESTERSHIRE

ANNUAL GOVERNANCE STATEMENT 2012/13

1. Scope of responsibility

The Board is accountable for internal control. As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

Worcestershire Primary Care Trust (PCT), known as NHS Worcestershire, has established robust accountability arrangements within the organisation to oversee the system of internal control. The Board Assurance Framework, which sets out the organisation's principal risks and objectives, is a key document for keeping the Board informed of significant risks.

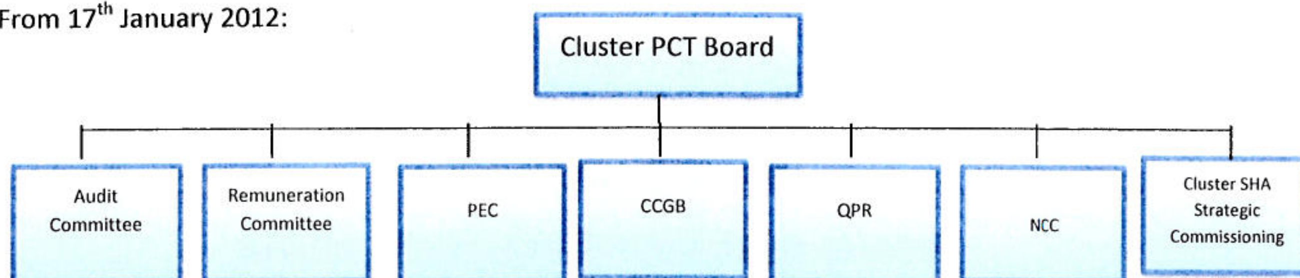
The PCT works closely with other healthcare organisations within the local health economy, NHS Midlands and East (SHA), the local and regional teams of the NHS Commissioning Board and other partner organisations in Worcestershire. Risk and control issues are considered and reviewed with these organisations as appropriate.

2. The governance framework of the organisation

NHS Worcestershire forms part of the West Mercia Cluster of PCTs the revised governance arrangements for which were approved at the first West Mercia Cluster PCTs board meeting on 17th January 2012. NHS Worcestershire remains the statutory body covering its registered population until 31 March 2013.

The governance structure for the PCT has changed during the year to reflect the arrangements for the local offices of the NHS Commissioning Board. Within the West Mercia Cluster of PCTs, Herefordshire and Worcestershire joined with Coventry and Worcestershire PCTs to form a local office area whilst Shropshire and Telford and Wrekin PCTs joined with Staffordshire to form another local area. In order to facilitate this new working arrangement, the Board has held meetings focusing on Herefordshire and Worcestershire in the South Cluster of the area.

From 17th January 2012:



During the year the Board has met 8 times as the West Mercia Cluster Board and attendance of Board members is shown in the table in Annex 1

The subcommittee structure of the Cluster PCT Board is as follows:

- Audit Committee (held concurrently for all PCTs) provides assurance to the Board that the organisation's overall internal control/governance system operates in an adequate and effective way. The Committee's work focuses not only on financial controls, but also risk management and clinical governance controls.
- Remuneration Committee (held concurrently for all PCTs) recommends to the Board appropriate salaries, payments and terms & conditions of employment.
- Quality Performance and Resources Committee (held concurrently for all PCTs) provides assurance to the Board that the PCT is meeting its performance targets, commissioning high quality services and using its resources wisely.
- National Commissioning Committee (held concurrently for all PCTs) provides assurance to the Board that the PCT is meeting its performance in primary care and commissioning high quality services.
- Clinical Commissioning Group Boards (held individually for each CCG in the cluster area) provide assurance to the Board that they are undertaking delegated authority for commissioning as outlined in the scheme of delegation.
- Professional Executive Committee (known as the Clinical Senate) (held individually for each PCT in the cluster area) is chaired by a local GP and is made up of a majority of clinical members working in Worcestershire. The Committee provides clinical advice and assurance to the Board.
- Strategic Commissioning (held on Midlands & East SHA Cluster footprint) which oversees the commissioning of low volume, high value strategic commissioning decisions.

Membership of these sub committees of the PCT Board is outlined in terms of reference and attendance at these meeting is recorded in the minutes of each meeting.

Corporate Governance is the system by which the PCT Board directs and controls the organisation at the most senior level in order to achieve its objectives and meet the necessary standards of accountability and probity. Using a risk management mechanism, the PCT Board brings together the various aspects of governance; corporate, clinical, financial, and information to provide assurance on its direction and control across the whole organisation in a co-ordinated way. The co-ordinating body for receiving assurance on these strands of governance is the Audit Committee, which has part of its remit to oversee integrated governance on behalf of the PCT Board. In addition the other sub

committees also oversee the risks within their specific remits, providing assurance to the Audit Committee where appropriate.

Board members take their responsibilities for corporate governance very seriously and endeavour to maintain high standards of business conduct. Details of all Board members' interests are recorded in the Register of Members' Interests, available as part of the Annual Report, and this practice has been adopted by members of the Clinical Commissioning Group Governing Bodies. Members declare interests in items under discussion at meetings when appropriate and are conscious of their role in upholding and maintaining public confidence in the NHS.

The PCT Board complies with the Corporate Code of Governance and demonstrates this by individual Board members affirming their compliance with the Codes of Accountability and Codes of Conduct for the NHS when declaring their interests and in the values of accountability, probity and openness.

During the year members of the Board reviewed their effectiveness and the operation of Board meetings and the changes proposed, which centred on the development of the CCGs across the Cluster, arrangements for the discharge of the Board's functions and which, latterly, reflected the Cluster split, have been incorporated in the agenda planning and organisation of subsequent Board and sub-committee meetings.

The Board has also reviewed arrangements for the transition, handover and closedown of the PCTs with reports to the meetings in July, September and November 2012 and January and March 2013. The Audit Committee has considered the Transfer Schemes documentation and the return was signed off by the Audit Committee Chair. Risks identified as part of the transition process have been added to the strategic risk register and those not addressed by the end of the financial year have been handed over to the relevant successor organisation. A formal handover meeting was held on 11 October 2012 between the outgoing Chief Executive of the PCT and the incoming NHS Commissioning Board Area Team Director who is also the PCT Chief Executive for the remainder of the financial year. Quality handover meetings have also been held with receiver organisations including the three Clinical Commissioning Groups, Local Authority (for Public Health) and NHS Commissioning Board.

In line with the Department of Health requirements, the Director of Finance has made arrangements for the preparation and audit of the PCT's accounts following closedown on the 31 March 2013. These include securing the agreement of appropriate non-executive members of the Board to serve on an Audit Committee and arranging for Arden and Worcester CSU to undertake the financial closedown and final accounts preparation.

3. The Risk and Control Framework and Risk Assessment

3.1 System of Control:

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

- identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives;

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

3.2 Risk Management Strategy

The Risk Management Strategy forms part of the control framework for NHS Worcestershire and defines the risk management processes of the whole organisation. It is reviewed annually and sets out the responsibilities and common methodologies for the assessment and the management of risks identified at all levels of organisation. The Strategy sets out the PCT's approach to risk, the accountability arrangements including the responsibilities of the Board and its sub-committees, directors, contractors and individual employees. It defines the risk management process including risk identification, analysis and evaluation which will be undertaken to ensure delivery of the Strategy and the capacity to handle risk across the PCT.

The PCT has developed a risk scoring matrix which is used for all risks, both clinical and non-clinical, incidents and complaints within the organisation.

The strategy outlines the elements of the Assurance Framework, including the Strategic Risk Register, and the processes for maintaining and monitoring it. The Assurance framework has been updated regularly during the 2012/13 financial year and has been considered by the Audit Committee and the Board.

3.2 Risk identification

Risks are identified, assessed and recorded in accordance with the Risk Management Strategy and Risk Assessment Code of Practice. The principles of the processes and the matrix described in the code of practice are applied to all risk registers, incident management and risk assessment activity across NHS Worcestershire. These processes are used to identify risks:

- retrospectively following the occurrence of an adverse incident;
- proactively by identifying of potential risks to service delivery; or
- during development of new activities

It is acknowledged that risks may be shared with other organisations that the PCT works with jointly to deliver services. Shared risks are recorded on the risk register. Partnership meetings and liaison between Risk Managers inform the Strategic Risk Register of partner organisations including NHS Worcestershire.

3.4 Risk assessment

Risks on the risk registers are set against primary risk categories, including harm to a person and financial gain or loss, as documented in the Risk Management Strategy, derived from the organisation's goals. Risks are assessed and rated in the context in which they are being considered. The risk registers show residual risk in two forms, both as the degree of risk rated in the context of existing controls and an assessment of the risk that will remain at the end of the financial year as identified actions are implemented. Both types of residual risk are graded to give a ready assessment of the degree of accepted risk. Risks graded low or very low, in the context of the risk register on which they appear, will be removed from that risk register.

A risk management process is in place to identify and manage information risks. This consists of proactive risk assessments on key information assets, investigation of information related incidents

and review of information related complaints. The standard of information security is continually increasing and the information governance training programme has significantly increased staff awareness and compliance with PCT policies. It has also increased awareness of the need to report incidents but these have not highlighted any major weakness in our information security standards.

Information Governance aims to support the delivery of high quality care by promoting the effective and appropriate use of information. The IG Assurance Framework is formed by those elements of law and policy, from which applicable IG standards are derived, and the activities and roles which individually and collectively ensure that these standards are clearly defined and met. Whilst a key focus of IG is the use of information about patients, it applies to information and information processing in its broadest sense and underpins both clinical and corporate governance.

The IG Assurance Framework essentials are:

The PCT must use the NHS IG Toolkit to assess and publish details of performance	✓
The PCT must ensure that staff undertake appropriate IG training annually	✓
The PCT should make staff continuously aware of the existing IG policies and guidelines, the fact that they must be followed in practice, and that a breach of policy will be regarded as a disciplinary matter	✓
The PCT must publish details of serious incidents involving actual or potential loss of personal data or breach of confidentiality in annual reports and report them in line with Department of Health guidelines	✓
The PCT should ensure that IG is explicitly referenced within its statement of internal controls	✓
The PCT must have an effectively supported Board level Senior Information Risk Owner (SIRO) who should update the Board regularly on information risk issues	✓

There have been no serious untoward incidents involving personal data reported to the Information Commissioner's Office in 2012-13.

3.5 Risk control

As part of the risk management process existing controls and gaps in controls are identified. Where necessary, actions are identified to develop further controls to adequately mitigate the identified risks. The management of risk includes identification of budgets and resources necessary to facilitate the implementation of identified actions. Where risks are not accepted by the Board, action plans are drawn up to reduce the likelihood or consequences of its occurrence.

The Risk Register which is supported by a hierarchy of other risk registers is the principle document in the Assurance Framework and includes information on existing controls; i.e. systems already in place to limit the chances of the identified risk occurring or its possible outcomes, as well as further actions that can be taken with timescales.

A copy of the current risk register (as at 31 March 2013) is attached as Annex 2.

4. Review of the Effectiveness of Risk Management and Internal Control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Executive Managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

My review is also informed by:

- The work programme of Internal Audit and, in particular, their opinion on the system of internal control and the Board Assurance Framework. **The Head of Internal Audit opinion for 2012/13 is that significant assurances can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives and that controls are generally being applied consistently.** However, some weaknesses in the design and/or inconsistent application of controls put the achievement of particular objectives at risk.
- Counter Fraud and Security Management assurance
- Audit Committee programmes and review
- Personal involvement in the Board and relevant sub-committees
- External reviews of the PCT's main provider organisation
- Internal and external audit reports
- External auditors in their management letter and other reports
- Monthly performance monitoring by the Strategic Health Authority and NHS Commissioning Board
- Serious incident reporting
- Information Governance Toolkit assurance

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, Audit Committee and Executive Managers.

The Board has received regular reporting from the Chair of the Audit Committee based upon the minutes of each Audit Committee meeting summarising activity and its concerns. Through this mechanism the chair of the committee has ensured that the Board is aware of any significant challenges to the system of internal control and updates on progress in addressing these.

Audit Committee: The work of the Audit Committee has been informed by the activity of a number of working groups/PCT functions and has received exception summaries from these groups within the Group Summaries element of the Assurance Framework.

Executive Managers: Individual Executive Directors of the PCT review their respective parts of the Strategic Risk Register with the Risk Manager and amend where necessary.

Audit recommendations: Implementation of both internal and external audit recommendations are monitored within the Recommendation Tracking element of the Assurance Framework.

5. Significant issues

As a result of the processes and assurances described above (including the Head of Internal Audit opinion for the year) it is my opinion that there are no significant issues that need to be detailed in the Annual Governance Statement.

6. Conclusion

As Accountable Officer, and based on the review process outlined above, I can confirm that the Annual Governance Statement is a balanced reflection of the actual controls position and there are no significant issues identified for the PCT.

Mrs Lesley Murphy – Accountable Officer

NHS Worcestershire

Signature:

Date: 4.6.13

Attendance (Voting Members only) NHSH & NHSW

Annex 1

Name	April 24 2012 Xtr (Shr PCT)	May 22 2012 Xtr (Shr PCT)	May 29 2012	July 24 2012	September 25 2012	Nov 27 2012	Jan 29 2013	Mar 19 2013	Total
Jo Newton	√	√	√	√	√	√	√	√	8
Andrew Mason	√	x	√	√	√	√	√	√	7
Helen Herritty	√	√	√	√	√	√	√	√	8
Susan Mead	√	√	√	√	√	√	√	√	8
Margaret Jackson	n/a	n/a	√	√	√	√	√	√	6
Bryan Smith	√	x	√	n/a	n/a	n/a	n/a	n/a	2
William Hutton	√	x	√	√	x	√	√	√	6
Louise Lomax	√	√	√	√	√	√	√	x	7
Rob Parker	√	x	x	√	√	√	x	√	5
Eamonn Kelly	√	x	√	x	√	√	n/a	n/a	4
Lesley Murphy	n/a	n/a	n/a	n/a	n/a	n/a	x	√	1
Brian Hanford	x	√	√	√	√	√	√	√	7
Ian Tait	x	x	x	√	x	x	√	x	2
Anthony Kelly	x	x	x	x	x	x	x	x	-
Richard Harling	x	x	√	√	√	√	√	x	5
Sarah Aitken	√	x	x	x	n/a	n/a	n/a	n/a	1
Elizabeth Shassere	n/a	n/a	n/a	n/a	x	x	x	√	1
Sue Doheny	√	√	√	√	√	√	√	√	8
Dr Kiran Patel	x	x	x	x	x	n/a	n/a	n/a	-
Dr Martin Lee	n/a	n/a	n/a	n/a	n/a	√	√	√	3√

NHS Herefordshire | Shropshire County NHS Primary Care Trust | NHS Telford and Wrekin | NHS Worcestershire

West Mercia Cluster

BOARD ASSURANCE FRAMEWORK

					Risk Rating before Controls					Risk Rating after Controls						Target Risk Rating			
Risk Reference Number	Opened	Purpose and Cluster Corporate/ Strategic Objective	Type of Risk: F-Financial, R-Reputational, E-Environmental, H-Public Health, HS-Health & Safety, L-Legal, Q&S - Quality & Safety	Risk Description	Likelihood (Probability)	Consequence (Severity)	Risk Score	Existing Controls in Place	**Assurances on Controls	Likelihood (Probability)	Consequence (Severity)	Residual Risk Score	Positive Assurance Y/N	Gaps in Controls/ Assurance	Corrective Action/ Action Plan (incl cost of mitigation and target date)	Likelihood (Probability)	Consequence (Severity)	Residual Risk Score	Risk Owner
BAF0 01	June 2012 Board 26.6.12	1: To ensure improvement in the quality and safety of services and patient experience during 2012/13.		Loss of key personnel may have a detrimental impact on our ability to maintain quality and safety	5	4	20	Resilience Plans; Legacy documents; Robust risk registers; Quality Assurance Frameworks in CCGs; Appoint CCG Staff	Confirm and challenge meetings with CCGs; Risk Registers; Workforce	4	3	12	N	All CCGs having adequate governance in place for assurance	Ensure plans are in place for business continuity. Confirm and challenge meetings with each CCG	3	3	9	ML/SD
				The requirement for QIPP efficiencies may compromise quality aspects	4	4	16	QIAs; Robust governance for monitoring	Medical Directors & Directors of Nursing meetings; Confirm & Challenge	3	3	9	N	QIAs are not consistently being monitored in each local Health Economy	QIPP Boards and support from Cluster; CCG leadership of QIPP	1	3	3	ML/SD
				Not meeting CDiff targets in Worcestershire	5	4	20	CCG and provider action plans to mitigate against the risk	HCAI Forum in place, external reviews	5	3	15	N	Target for WHAT already missed	Health ecconomy group working to action plan to ensure minimum cases for remainder of year	3	5	15	ML/SD
				High SHMI in Herefordshire	5	3	15	CCG and provider action plan in place.	HSMR showing month on month reductions	3	3	9	Y	Monitoring of action plan and granularity of detail being monitored	Mortality group established to ensure robust governance in place	2	3	6	ML/SD
				Failure to implement effectively the SHA ambitions relating to avoidable pressure ulcers , MECC, improving the quality of primary care and the development of the patient revolution.	4	3	12	Cluster and CCG QPR's; Board sign off of implementation plans; Monitoring systems in place; Allocation of ear marked resources through Board/SHA approved transformational funds	Project Management HW Task & Finish; QIA; Tied into contracts where appropriate;SHA performance framework	2	3	6	N	Effective programme management with associated risks; Feasibility of pressure ulcers target	Ensure all have robust action plans in place; Benchmarking performance relative to national and international standards	2	5	10	ML/SD

EAFO 04	June 2012 Board 26.6.12	To provide effective leadership and support to staff		Loss of executive and senior management capacity	5	4	20	1-2-1 process; HR transition plan, delegation of functions to CCG's and CSS's	Appointment of LAT Executive structure and CCG Executive Teams.	4	3	12	Y			2	2	4	LM	CCGs NCB
				Operational integrity and performance compromised as staff are distracted/over burdened with focus on transition and supporting emerging organisations	4	4	16	Relentless Exec team focus; Contract Monitoring, CCG confirm and Challenge	SHA performance regime	1	3	3	Y	None	NA	1	3	3	LM	CCGs NCB
				Failure to recruit neccessary leadership capacity and capability into the LAT	4	4	16	LAT structures developed and recruitment process has begun.	Process complete	1	4	4	Y	None	NA	1	4	4	LM	NCB
				Accountability of existing and emerging organisations unclear as delegations increase	3	3	9	Production of map of statutory functions from cluster to CCGs and other emerging organisations (work already completed)	Cluster Board review	2	3	6	Y		Cluster Board	1	3	3	BH	CCGs NCB
BAFO 05	June 2012 Board 26.6.12	Ensure each of the 4 PCTs meet statutory financial duties and controls targets	F,R,L	Failure to deliver running costs targets	2	2	4	PCT monthly reporting to SHA	Monthly reporting cycle subject to internal audit	2	2	4	Y	NHS Herefordshire management budget action plan	Consider re-running of VR scheme in Herefordshire	2	2	4	BH	N/A
				Provider financial positions having negative impact on whole health and social care systems	4	3	12	Adherence to the national contract including utilising SHA contract disutes resolution processes where appropriate.	SHA authorised use of Transformation Fund	2	2	4	Y	Acute providers falling behind on agreed trajectories linked to gaining FT status.	CCG governance process and contractual monitoring of main providers. National Trust Development Authority established for non FT providers.	2	2	4	BH	NTDA
EAFO O6	June 2012 Board 26.6.12	Deliver effective Cluster and System wide leadership		Risk of organisational behaviour leading to silo working and lack of co-operation (effective system for working across health and local government	4	4	16	Board to Board Challenge, Requirements in System plan, Local joint working arrangements	Reports to Board	3	3	9	Y	Lack of clarity about how to work together effectively in new commissioning system	Tranistion to shadowingnew organisational model required through delegation to CCGs and new LAT teams	2	2	4	LM	CCGs NCB LAs
				Disconnect between NHS and Local authorities as H&WBBs develop their responsibilities for healthcare	2	3	6	Public Health, CCG and Cluster representation on HAWBB	Minutes and reports to Board	1	2	2	Y	LAT Executive still detemining who will lead on representing the CB on each HAWB	AD to agree repreentation with team after initially attending each HAWB	1	2	2	LM	LAs CCGs
				Key leadership roles will remain unfilled in emerging and existing organisations	1	3	3	Early appointment to roles (note virtually all roles are now filled). Only external NCB roles are not	Exec reviews progress	1	3	3	Y	No need for further action	No need for further action	1	3	3	SP	CCGs NCB

INDEPENDENT AUDITOR'S REPORT TO THE DEPARTMENT OF HEALTH'S ACCOUNTING OFFICER IN RESPECT OF WORCESTERSHIRE PCT

We have audited the financial statements of Worcestershire PCT 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 page 29;
- the table of pension benefits of senior managers and related narrative notes on page 33; and
- the pay multiples on page 31.

This report is made solely to the Department of Health's accounting officer in respect of Worcestershire PCT 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 Worcestershire PCT 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 detailed value for money risk assessment

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 Worcestershire PCT in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Elizabeth Cave
Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP

Colmore Plaza
20 Colmore Circus
Birmingham
B4 6AT

7 June 2013

Statement of Comprehensive Net Expenditure for year ended 31 March 2013

	NOTE	2012-13 £000	2011-12 £000
Administration Costs and Programme Expenditure			
Gross employee benefits	7.1	**15,273**	13,299
Other costs	5.1	**915,224**	880,669
Income	4	**(19,719)**	(19,425)
Net operating costs before interest		**910,778**	874,543
Investment income	9	**0**	0
Other (Gains)/Losses	10	**(70)**	0
Finance costs	11	**82**	89
Net operating costs for the financial year		**910,790**	874,632
Transfers by absorption -(gains)		**0**	
Transfers by absorption - losses		**0**	
Net (gain)/loss on transfers by absorption		**0**	
Net Operating Costs for the Financial Year including absorption transfers		**910,790**	**874,632**
Of which:			
Administration Costs			
Gross employee benefits	7.1	**8,776**	8,378
Other costs	5.1	**9,174**	12,651
Income	4	**(348)**	(2,967)
Net administration costs before interest		**17,602**	**18,062**
Investment income	9	**0**	0
Other (Gains)/Losses	10	**(70)**	0
Finance costs	11	**0**	0
Net administration costs for the financial year		**17,532**	**18,062**
Programme Expenditure			
Gross employee benefits	7.1	**6,497**	4,921
Other costs	5.1	**906,050**	868,018
Income	4	**(19,371)**	(16,458)
Net programme expenditure before interest		**893,176**	**856,481**
Investment income	9	**0**	0
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**82**	89
Net programme expenditure for the financial year		**893,258**	**856,570**

Other Comprehensive Net Expenditure	2012-13 £000	2011-12 £000
Impairments and reversals put to the Revaluation Reserve	**262**	13
Net (gain) on revaluation of property, plant & equipment	**0**	(1,968)
Net (gain) on revaluation of intangibles	**0**	0
Net (gain) on revaluation of financial assets	**0**	0
Net (gain)/loss on other reserves	**0**	0
Net (gain)/loss on available for sale financial assets	**0**	0
Net (gain) /loss on Assets Held for Sale	**0**	
Release of Reserves to Statement of Comprehensive Net Expenditure	**0**	
Net actuarial (gain)/loss on pension schemes	**0**	0
Reclassification Adjustments		
Reclassification adjustment on disposal of available for sale financial assets	**0**	0
Total comprehensive net expenditure for the year	**911,052**	**872,677**

Statement of Financial Position at 31 March 2013

	NOTE	31 March 2013 £000	31 March 2012 £000
Non-current assets:			
Property, plant and equipment	12	**46,364**	46,638
Intangible assets	13	**0**	0
investment property	15	**0**	0
Other financial assets	21	**0**	0
Trade and other receivables	19	**0**	0
Total non-current assets		**46,364**	46,638
Current assets:			
Inventories	18	**185**	208
Trade and other receivables	19	**9,056**	9,199
Other financial assets	36	**0**	0
Other current assets	22	**0**	0
Cash and cash equivalents	23	**30**	1
Total current assets		**9,271**	9,408
Non-current assets held for sale	24	**1,555**	1,509
Total current assets		**10,826**	10,917
Total assets		**57,190**	57,555
Current liabilities			
Trade and other payables	25	**(55,791)**	(54,855)
Other liabilities	26,28	**0**	0
Provisions	32	**(4,572)**	(412)
Borrowings	27	**0**	0
Other financial liabilities	36.2	**0**	0
Total current liabilities		**(60,363)**	(55,267)
Non-current assets plus/less net current assets/liabilities		**(3,173)**	2,288
Non-current liabilities			
Trade and other payables	25	0	0
Other Liabilities	28	0	0
Provisions	32	(2,907)	(2,783)
Borrowings	27	0	0
Other financial liabilities	36.2	0	0
Total non-current liabilities		**(2,907)**	(2,783)
Total Assets Employed:		**(6,080)**	(495)
Financed by taxpayers' equity:			
General fund		(15,329)	(10,182)
Revaluation reserve		9,249	9,687
Other reserves		0	0
Total taxpayers' equity:		**(6,080)**	(495)

The notes on pages 5 to 41 form part of this account.

The financial statements on pages 1 to 4 were approved by the Board on 3rd June 2013 and signed on its behalf by

Chief Executive: Date: 4.6.13

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

	General fund	Revaluation reserve	Other reserves	Total reserves
	£000	£000	£000	£000
Balance at 1 April 2012	**(10,182)**	**9,687**	**0**	**(495)**
Changes in taxpayers' equity for 2012-13				
Net operating cost for the year	(910,790)	0	0	**(910,790)**
Net gain on revaluation of property, plant, equipment	0	0	0	**0**
Net gain on revaluation of intangible assets	0	0	0	**0**
Net gain on revaluation of financial assets	0	0	0	**0**
Net gain on revaluation of assets held for sale	0	0	0	**0**
Impairments and reversals	0	(262)	0	**(262)**
Movements in other reserves	0	0	0	**0**
Transfers between reserves*	176	(176)	0	**0**
Release of Reserves to SOCNE	0	0	0	**0**
Reclassification Adjustments	0	0	0	**0**
Transfers between Revaluation Reserve & General Fund in respect of assets transferred under absorption	0	0	0	**0**
Net actuarial gain/(loss) on pensions	0	0	0	**0**
Total recognised income and expense for 2012-13	**(910,614)**	**(438)**	**0**	**(911,052)**
Net Parliamentary funding	905,467	0	0	**905,467**
Balance at 31 March 2013	**(15,329)**	**9,249**	**0**	**(6,080)**
Balance at 1 April 2011	**(10,119)**	**7,850**	**0**	**(2,269)**
Changes in taxpayers' equity for 2011-12				
Net operating cost for the year	(874,632)	0	0	(874,632)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment	0	1,968	0	1,968
Net Gain / (loss) on Revaluation of Intangible Assets	0	0	0	0
Net Gain / (loss) on Revaluation of Financial Assets	0	0	0	0
Net Gain / (loss) on Assets Held for Sale	0	0	0	0
Impairments and Reversals	0	(13)	0	(13)
Movements in other reserves	0	0	0	0
Transfers between reserves*	118	(118)	0	0
Release of Reserves to Statement of Comprehensive Net Expenditure	0	0	0	0
Reclassification Adjustments	0	0	0	0
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	0	0	0
On disposal of available for sale financial assets	0	0	0	0
Net actuarial gain/(loss) on pensions	0	0	0	0
Total recognised income and expense for 2011-12	(874,514)	1,837	0	(872,677)
Net Parliamentary funding	874,451	0	0	874,451
Balance at 31 March 2012	**(10,182)**	**9,687**	**0**	**(495)**

Statement of cash flows for the year ended 31 March 2013

	NOTE	2012-13 £000	2011-12 £000
Cash Flows from Operating Activities			
Net Operating Cost Before Interest		(910,778)	(874,543)
Depreciation and Amortisation		1,312	1,232
Impairments and Reversals		446	409
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		23	(53)
(Increase)/Decrease in Trade and Other Receivables		143	(5,235)
(Increase)/Decrease in Other Current Assets		0	0
Increase/(Decrease) in Trade and Other Payables		1,421	7,833
(Increase)/Decrease in Other Current Liabilities		0	0
Provisions Utilised		(537)	(1,007)
Increase/(Decrease) in Provisions		4,739	279
Net Cash Inflow/(Outflow) from Operating Activities		**(903,231)**	**(871,085)**
Cash flows from investing activities			
Interest Received		0	0
(Payments) for Property, Plant and Equipment		(2,392)	(3,718)
(Payments) for Intangible Assets		0	0
(Payments) for Other Financial Assets		0	0
(Payments) for Financial Assets (LIFT)		0	0
Proceeds of disposal of assets held for sale (PPE)		185	350
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		**(2,207)**	**(3,368)**
Net cash inflow/(outflow) before financing		**(905,438)**	**(874,453)**
Cash flows from financing activities			
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		0	0
Net Parliamentary Funding		905,467	874,451
Capital Receipts Surrendered		0	0
Capital grants and other capital receipts		0	0
Cash Transferred (to)/from Other NHS Bodies (free text note required)		0	0
Net Cash Inflow/(Outflow) from Financing Activities		**905,467**	**874,451**
Net increase/(decrease) in cash and cash equivalents		**29**	**(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		0	0
Cash and Cash Equivalents (and Bank Overdraft) at year end		**30**	**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.

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.

Under the provisions of The Health and Social Care Act 2012 (Commencement No.4. Transitional, Savings and Transitory Provisions) Order 2013, Worcestershire PCT was dissolved on 1st April 2013. The PCT's functions, assets and liabilities transferred to other public sector entities as outlined in Note 42 Events after the Reporting Period. Where reconfigurations of this nature take place within the public sector, Government accounting requires that the activities concerned are to be considered as continuing operations, and so the closing entity prepares accounts on a "going concern" basis.

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

Critical accounting judgements and key sources of estimation uncertainty

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

Critical judgements in applying accounting policies

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

Leases

The PCT leases have been reviewed and deemed to be operating leases under IAS17.

Land, buildings, plant and equipment

The District Valuation Office has applied 'professional judgement' in determining the value of land and buildings.
The PCT has determined to use depreciated historic cost as a proxy for 'fair value' for short life assets.

1. Accounting policies (continued)
Key sources of estimation uncertainty
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year
Prescription creditor

The Prescription Pricing Authority (PPA) data for the last two months of 2012/13 was not available when the PCT closed its final accounts and therefore the financial statements include 10 months actual expenditure and two months estimated expenditure. The PCT has relied on the PPA forecast in determining the value of the accrual entered into the accounts for the final 2 months.

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.

1.3 Partially Completed Spells
The PCT is required to account for the impact of partially completed spells under FRS5 and this refers to the recognition of expenditure incurred for patients that were still receiving treatment at the balance sheet date
Assessments of the value were provided by Worcestershire Acute Hospitals Trust and other acute trusts the PCT contracts with. These have been accounted for within the financial statements.

1.4 Pooled budgets

The PCT has entered into a pooled budget arrangement hosted by Worcestershire County Council. Under the arrangement funds are pooled under s75 of the NHS Act 2006 for activities as follows: learning disabilities, mental health adults, mental health older adults, older people, substance misuse, integrated community equipment, wheelchairs, children's services and carers.
As a commissioner of healthcare services, the PCT makes contributions to the pools, which are then used to purchase healthcare services. The PCT accounts for its share of the assets, liabilities, income and expenditure of the pool as determined by the pooled budget agreements.

1.5 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.

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

1. Accounting policies (continued)

1.7 Property, Plant & Equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

Valuation

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

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

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

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

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

Until 31 March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation and depreciation of historic cost. From 1 April 2008 indexation has ceased. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.
To ensure that changes in the value of land and buildings are accurately reflected in the financial statements for 2012-13 the District Valuer has carried out a full revaluation of all property as at 31 Mar 2013. The impact of this revaluation is disclosed in note 14 on impairments.

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)

1.8 Depreciation, amortisation and impairments

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

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

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

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

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

1. Accounting policies (continued)

1.9 Donated assets

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

This accounting policy change was applied retrospectively and consequently the 2010-11 results were restated.

1.10 Non-current assets held for sale

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

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

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

1.11 Inventories

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

1.12 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.

1.13 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).

1.14 Clinical Negligence Costs

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

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

1. Accounting policies (continued)

1.15 Employee benefits

Short-term employee benefits

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

Retirement benefit costs

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

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

1.16 Research and Development

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

1.17 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.

1.18 Grant making

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

1. Accounting policies (continued)

1.19 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.

1.20 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

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

The only rental agreement the PCT has as lessor is with the Worcestershire Health and Care NHS Trust. This is as a result of Transforming Community Services whereby most of the land and buildings owned by the PCT are occupied by Worcestershire Health and Care NHS Trust staff.

1.21 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.

1.22 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 as advised in PES (2012) 15 and 16.
The rate of discount for general provisions varies in line with the expected timing of cashflows, with different rates for short, medium and long-term timescales. All provisions in respect of post-employment benefits are discounted at 2.35% (2.8% in 2011-12).

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 arsing from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

1. Accounting policies (continued)

1.23 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.

The PCT has no financial assets held at fair value through profit and loss and it holds no separable embedded derivatives

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.
The PCT does not hold any investments

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.

The PCT does not hold any financial assets for sale

Loans and receivables

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

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

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

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

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

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

1. Accounting policies (continued)

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

Financial liabilities are initially recognised at fair value.

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

Financial liabilities at fair value through profit and loss
Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Net Expenditure. The net gain or loss incorporates any interest earned on the financial asset.
The PCT has no financial assets held at fair value through profit and loss and it holds no separable embedded derivatives

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.

The PCT has no outstanding borrowings or financial liabilities

1.24Accounting 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:
IAS19 (Revised 2011) Employee benefits
IAS 27 Separate Financial Statements - subject to consultation
IAS 28 Investments in Associates and Joint Ventures - subject to consultation
IAS 32 Financial Instruments: Presentation
IFRS 7 Financial Instruments: Disclosures
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

	2012-13	2011-12
	£000	£000
Expenditure		
Clinical Commissioning Groups	626,131	614,126
Shadow National Commissioning Board	221,538	208,207
Public Health	23,671	19,784
Corporate Services	21,139	21,074
Earmarked Reserves and Developments	18,180	11,441
Total	**910,659**	**874,632**
Segment Expenditure	910,659	874,632
Revenue Resource Limit	913,688	877,676
Common costs		**0**
Surplus/(Deficit)	**3,029**	**3,044**

The clinical commissioning groups have operated in shadow form since 2011-12 but the PCT remained the statutory body.

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		874,632
Net operating cost plus (gain)/loss on transfers by absorption	**910,790**	
Adjusted for prior period adjustments in respect of errors	**0**	0
Revenue Resource Limit	**913,819**	877,676
Under/(Over)spend Against Revenue Resource Limit (RRL)	3,029	3,044

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	**1,792**	2,018
Charge to Capital Resource Limit	**1,792**	2,009
(Over)/Underspend Against CRL	**0**	**9**

3.3 Provider full cost recovery duty

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

	2012-13 £000	2011-12 £000
Provider gross operating costs	**0**	6,219
Provider Operating Revenue	**0**	0
Net Provider Operating Costs	**0**	6,219
Costs Met Within PCTs Own Allocation	**0**	(6,219)
Under/(Over) Recovery of Costs	**0**	0

3.4 Under/(Over)spend against cash limit

	2012-13 £000	2011-12 £000
Total Charge to Cash Limit	**1,792**	874,451
Cash Limit	**1,792**	874,451
Under/(Over)spend Against Cash Limit	**0**	**0**

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

	2012-13 £000
Total cash received from DH (Gross)	796,361
Less: Trade Income from DH	0
Less/(Plus): movement in DH working balances	0
Sub total: net advances	**796,361**
(Less)/plus: transfers (to)/from other resource account bodies (free text note required)	0
Plus: cost of Dentistry Schemes (central charge to cash limits)	19,190
Plus: drugs reimbursement (central charge to cash limits)	89,916
Parliamentary funding credited to General Fund	**905,467**

4 Miscellaneous Revenue

	2012-13 Total	2012-13 Admin	2012-13 Programme	2011-12
	£000	£000	£000	£000
Fees and Charges	**0**	0	0	0
Dental Charge income from Contractor-Led GDS & PDS	**6,895**	0	6,895	7,302
Dental Charge income from Trust-Led GDS & PDS	**181**	0	181	277
Prescription Charge income	**4,695**	0	4,695	4,414
Strategic Health Authorities	**3,975**	0	3,975	3,967
NHS Trusts	**17**	17	0	7
NHS Foundation Trusts	**0**	0	0	0
Primary Care Trusts Contributions to DATs	**0**	0	0	0
Primary Care Trusts - Other	**933**	199	734	490
Primary Care Trusts - Lead Commissioning	**0**	0	0	0
English RAB Special Health Authorities	**0**	0	0	0
NDPBs and Others (CGA)	**0**	0	0	0
Department of Health - SMPTB	**0**	0	0	0
Department of Health - Other	**0**	0	0	0
Recoveries in respect of employee benefits	**116**	116	0	56
Local Authorities	**192**	0	192	226
Patient Transport Services	**0**	0	0	0
Education, Training and Research	**0**	0	0	29
Non-NHS: Private Patients	**0**	0	0	0
Non-NHS: Overseas Patients (Non-Reciprocal)	**0**	0	0	0
NHS Injury Costs Recovery	**0**	0	0	0
Other Non-NHS Patient Care Services	**0**	0	0	0
Charitable and Other Contributions to Expenditure	**9**	0	9	5
Receipt of donated assets	**0**	0	0	0
Receipt of Government granted assets	**0**	0	0	0
Rental revenue from finance leases	**0**	0	0	0
Rental revenue from operating leases	**2,688**	0	2,688	2,588
Other revenue	**18**	16	2	64
Total miscellaneous revenue	**19,719**	**348**	**19,371**	**19,425**

Other Revenue	£
Lease Car Deductions	10,458
Fraud Recovery Fines	4,598
Other	3,320
	18,376

5. Operating Costs

5.1 Analysis of operating costs:

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 Total £000
Goods and Services from Other PCTs				
Healthcare	79,130	0	79,130	71,542
Non-Healthcare	872	872	0	924
Total	80,002	872	79,130	72,466
Goods and Services from Other NHS Bodies other than FTs				
Goods and services from NHS Trusts	444,860	405	444,455	434,797
Goods and services (other, excl Trusts, FT and PCT))	0	0	0	0
Total	444,860	405	444,455	434,797
Goods and Services from Foundation Trusts	62,604	0	62,604	64,275
Purchase of Healthcare from Non-NHS bodies	79,086	0	79,086	62,261
Social Care from Independent Providers	0	0	0	0
Expenditure on Drugs Action Teams	0	0	0	0
Non-GMS Services from GPs	8,230	1,374	6,856	7,712
Contractor Led GDS & PDS (excluding employee benefits)	26,953	0	26,953	28,074
Salaried Trust-Led PDS & PCT DS (excluding employee benefits)	1,906	0	1,906	2,042
Chair, Non-executive Directors & PEC remuneration	102	102	0	93
Executive committee members costs	151	151	0	121
Consultancy Services	1,201	1,201	0	706
Prescribing Costs	84,725	0	84,725	87,763
G/PMS, APMS and PCTMS (excluding employee benefits)	85,445	0	85,445	82,576
Pharmaceutical Services	4,794	0	4,794	4,559
Local Pharmaceutical Services Pilots	0	0	0	0
New Pharmacy Contract	18,724	0	18,724	18,513
General Ophthalmic Services	5,383	0	5,383	5,212
Supplies and Services - Clinical	2,717	0	2,717	1,692
Supplies and Services - General	3,506	3,476	30	3,678
Establishment	531	531	0	352
Transport	21	21	0	47
Premises	937	701	236	797
Impairments & Reversals of Property, plant and equipment	446	0	446	409
Impairments and Reversals of non-current assets held for sale	0	0	0	0
Depreciation	1,312	0	1,312	1,232
Amortisation	0	0	0	0
Impairment & Reversals Intangible non-current assets	0	0	0	0
Impairment and Reversals of Financial Assets	0	0	0	0
Impairment of Receivables	31	0	31	(135)
Inventory write offs	0	0	0	0
Research and Development Expenditure	0	0	0	0
Audit Fees	143	143	0	219
Other Auditors Remuneration	38	38	0	30
Clinical Negligence Costs	69	0	69	60
Education and Training	270	159	111	239
Grants for capital purposes	0	0	0	0
Grants for revenue purposes	693	0	693	804
Impairments and reversals for investment properties	0	0	0	0
Other	344	0	344	75
Total Operating costs charged to Statement of Comprehensive Net Expenditure	915,224	9,174	906,050	880,669
Employee Benefits (excluding capitalised costs)				
Employee Benefits associated with PCTMS	0	0	0	0
Trust led PDS and PCT DS	0	0	0	0
PCT Officer Board Members	689	689	0	641
Other Employee Benefits	14,584	8,086	6,498	12,658
Total Employee Benefits charged to SOCNE	15,273	8,775	6,498	13,299
Total Operating Costs	930,497	17,949	912,548	893,968
Analysis of grants reported in total operating costs				
For capital purposes				
Grants to fund Capital Projects - GMS	0	0	0	0
Grants to Local Authorities to Fund Capital Projects	0	0	0	0
Grants to Private Sector to Fund Capital Projects	0	0	0	0
Grants to Fund Capital Projects - Dental	0	0	0	0
Grants to Fund Capital Projects - Other	0	0	0	0
Total Capital Grants	0	0	0	0
Grants to fund revenue expenditure				
To Local Authorities	250	0	250	655
To Private Sector	443	0	443	0
To Other	0	0	0	149
Total Revenue Grants	693	0	693	804
Total Grants	693	0	693	804

	Total	Commissioning Services	Public Health
PCT Running Costs 2012-13			
Running costs (£000s)	17,531	16,069	1,462
Weighted population (number in units)*	518,203	518,203	518,203
Running costs per head of population (£ per head)	34	31	3
PCT Running Costs 2011-12			
Running costs (£000s)	18,062	16,595	1,467
Weighted population (number in units)	518,203	518,203	518,203
Running costs per head of population (£ per head)	35	32	3

5.2 Analysis of operating expenditure by expenditure classification

	2012-13	2011-12
	£000	£000
Purchase of Primary Health Care		
GMS / PMS/ APMS / PCTMS	85,445	82,576
Prescribing costs	84,725	87,763
Contractor led GDS & PDS	26,953	28,074
Trust led GDS & PDS	1,906	2,042
General Ophthalmic Services	5,383	5,212
Department of Health Initiative Funding	0	0
Pharmaceutical services	4,794	4,559
Local Pharmaceutical Services Pilots	0	0
New Pharmacy Contract	18,724	18,513
Non-GMS Services from GPs	1,374	1,494
Other	0	0
Total Primary Healthcare purchased	**229,304**	230,233
Purchase of Secondary Healthcare		
Learning Difficulties	9,931	8,555
Mental Illness	84,521	84,592
Maternity	23,730	24,209
General and Acute	409,965	395,084
Accident and emergency	14,821	14,379
Community Health Services	107,965	89,714
Other Contractual	18,822	19,328
Total Secondary Healthcare Purchased	**669,755**	635,861
Grant Funding		
Grants for capital purposes	0	0
Grants for revenue purposes	693	804
Total Healthcare Purchased by PCT	**899,752**	**866,898**
PCT self-provided secondary healthcare included above	0	6,219
Social Care from Independent Providers	0	0
Healthcare from NHS FTs included above	62,604	64,275

6. Operating Leases

6.1 PCT as lessee

	Land £000	Buildings £000	Other £000	2012-13 Total £000	2011-12 £000
Payments recognised as an expense					
Minimum lease payments				538	513
Contingent rents				0	0
Sub-lease payments				0	0
Total				538	513
Payable:					
No later than one year	0	580	0	580	503
Between one and five years	0	2,122	0	2,122	1,841
After five years	0	1,328	0	1,328	1,702
Total	0	4,030	0	4,030	4,046
Total future sublease payments expected to be received				0	0

The PCT has considered the nature of the contracts held with general practitioners (GPs), dentists and community pharmacies and considers that:
Under IFRIC4 an arrangement to use an asset may include an embedded lease if the fulfilment of the arrangement is dependent on the use of a 'specific' asset; and the arrangement conveys the right to 'control' the use of that asset. Under NHS GMS Premises Directions 2004, the PCT does not control the use of the assets under either notional or cost rent schemes. The only control the PCT has is to seek an assurance from GP practices that they are delivering general medical services and that less than 10% of their income from the premises comes from outside the NHS. The control that the PCT has over the assets used by dentists and community pharmacists is even more remote.

The PCT has determined that operating leases must be brought into account, but as there is no defined term in the arrangements entered into with GPs it is not possible to analyse the arrangements over financial years.

The financial value included in the Statement of Comprehensive Net Expenditure for 2012/13 of £8,152k (£7,625k in 2011/12) is reimbursed to the GPs through GMS/PMS. Five year operating leases exist for the practices at Kidderminster Health Centre and Forest Glades and these sums are also reimbursed through GMS/PMS.

6.2 PCT as lessor

	2012-13 £000	2011-12 £000
Recognised as income		
Rental Revenue	2,688	2,588
Contingent rents	0	0
Total	2688	2,588
Receivable:		
No later than one year	2,688	2,588
Between one and five years	0	0
After five years	0	0
Total	2,688	2,588

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	12,760	7,655	5,105	11,517	7,121	4,396	1,243	534	709
Social security costs	736	456	280	736	456	280	0	0	0
Employer Contributions to NHS BSA - Pensions Division	1,073	665	408	1,073	665	408	0	0	0
Other pension costs	0	0	0	0	0	0	0	0	0
Other post-employment benefits	0	0	0	0	0	0	0	0	0
Other employment benefits	0	0	0	0	0	0	0	0	0
Termination benefits	704	0	704	704	0	704	0	0	0
Total employee benefits	15,273	8,776	6,497	14,030	8,242	5,788	1,243	534	709
Less recoveries in respect of employee benefits (table below)	(116)	(116)	0	(116)	(116)	0	0	0	0
Total - Net Employee Benefits including capitalised costs	15,157	8,660	6,497	13,914	8,126	5,788	1,243	534	709
Employee costs capitalised	0	0	0	0	0	0	0	0	0
Gross Employee Benefits excluding capitalised costs	15,273	8,776	6,497	14,030	8,242	5,788	1,243	534	709
Recognised as:									
Commissioning employee benefits	15,273			14,030			1,243		
Provider employee benefits	0			0			0		
Gross Employee Benefits excluding capitalised costs	15,273			14,030			1,243		

	2012-13 Total £000	Admin £000	Programme £000	Permanently employed Total £000	Admin £000	Programme £000	Other Total £000	Admin £000	Programme £000
Employee Benefits - Revenue									
Salaries and wages	91	91	0	91	91	0	0	0	0
Social Security costs	10	10	0	10	10	0	0	0	0
Employer Contributions to NHS BSA - Pensions Division	15	15	0	15	15	0	0	0	0
Other pension costs	0	0	0	0	0	0	0	0	0
Other Post Employment Benefits	0	0	0	0	0	0	0	0	0
Other Employment Benefits	0	0	0	0	0	0	0	0	0
Termination Benefits	0	0	0	0	0	0	0	0	0
TOTAL excluding capitalised costs	116	116	0	116	116	0	0	0	0

Employee Benefits - Prior- year

	Total £000	Permanently employed £000	Other £000
Employee Benefits Gross Expenditure 2011-12			
Salaries and wages	11,465	10,418	1,047
Social security costs	655	655	0
Employer Contributions to NHS BSA - Pensions Division	954	954	0
Other pension costs	0	0	0
Other post-employment benefits	0	0	0
Other employment benefits	0	0	0
Termination benefits	225	225	0
Total gross employee benefits	13,299	12,252	1,047
Less recoveries in respect of employee benefits	(56)	(56)	0
Total - Net Employee Benefits including capitalised costs	13,243	12,196	1,047
Employee costs capitalised	0	0	0
Gross Employee Benefits excluding capitalised costs	13,299	12,252	1,047
Recognised as:			
Commissioning employee benefits	13,299		
Provider employee benefits	0		
Gross Employee Benefits excluding capitalised costs	13,299		

7.2 Staff Numbers

	2012-13 Total Number	Permanently employed Number	Other Number	2011-12 Total Number	Permanently employed Number	Other Number
Average Staff Numbers						
Medical and dental	4	4	0	4	4	0
Ambulance staff	0	0	0	0	0	0
Administration and estates	171	167	5	152	147	6
Healthcare assistants and other support staff	1	1	0	1	1	0
Nursing, midwifery and health visiting staff	19	19	0	20	20	0
Nursing, midwifery and health visiting learners	0	0	0	0	0	0
Scientific, therapeutic and technical staff	15	15	0	16	16	0
Social Care Staff	0	0	0	0	0	0
Other	0	0	0	1	0	1
TOTAL	210	205	5	194	187	7
Of the above - staff engaged on capital projects	0	0	0	0	0	0

7.3 Ill health retirements

	2012-13 Number	2011-12 Number
Number of persons retired early on ill health grounds	0	1
	£000s	£000s
Total additional pensions liabilities accrued in the year	0	49

7.4 Exit Packages agreed during 2012-13

Exit package cost band (including any special payment element)	2012-13 *Number of compulsory redundancies	*Number of other departures agreed	Total number of exit packages by cost band	2011-12 *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	*	0	*	0	0	0
£10,001-£25,000	*	0	*	0	*	*
£25,001-£50,000	0	0	*	0	*	*
£50,001-£100,000	*	0	*	0	*	*
£100,001 - £150,000	0	0	0	0	*	*
£150,001 - £200,000	*	0	*	0	0	0
>£200,000	*	0	*	0	0	0
Total number of exit packages by type (total cost	12	0	12	0	10	10
	£000s	£000s	£000s	£000s	£000s	£000s
Total resource cost	929	0	929	0	607	607

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

This disclosure reports the number and value of exit packages 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.

*Numbers are rounded to the nearest ten, and numbers five or less are represented by *

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

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	**13,896**	**173,997**	17,105	163,479
Total Non-NHS Trade Invoices Paid Within Target	**13,246**	**168,686**	16,493	161,631
Percentage of NHS Trade Invoices Paid Within Target	95.32%	96.95%	96.42%	98.87%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**4,521**	**525,935**	4,398	498,910
Total NHS Trade Invoices Paid Within Target	**4,205**	**509,117**	3,991	486,954
Percentage of NHS Trade Invoices Paid Within Target	93.01%	96.80%	90.75%	97.60%

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

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

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

9. Investment Income

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

10. Other Gains and Losses

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Gain/(Loss) on disposal of assets other than by sale (PPE)	0	0	0	0
Gain/(Loss) on disposal of assets other than by sale (intangibles)	0	0	0	0
Gain/(Loss) on disposal of Financial Assets - other than held for sale	0	0	0	0
Gain (Loss) on disposal of assets held for sale	70	70	0	0
Gain/(loss) on foreign exchange	0	0	0	0
Change in fair value of financial assets carried at fair value through the SoCNE	0	0	0	0
Change in fair value of financial liabilities carried at fair value through the SoCNE	0	0	0	0
Change in fair value of investment property	0	0	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0	0	0
Total	70	70	0	0

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	0	0	0	0
Interest on obligations under PFI contracts:				
- main finance cost	0	0	0	0
- contingent finance cost	0	0	0	0
Interest on obligations under LIFT contracts:				
- main finance cost	0	0	0	0
- contingent finance cost	0	0	0	0
Interest on late payment of commercial debt	0	0	0	0
Other interest expense	0	0	0	0
Total interest expense	0	0	0	0
Other finance costs	0	0	0	0
Provisions - unwinding of discount	82		82	89
Total	82	0	82	89

12.1 Property, plant and equipment

2012-13	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:									
At 1 April 2012	12,705	34,694	0	0	147	0	1,284	59	48,889
Additions of Assets Under Construction	0	0	0	0	0	0	0	0	0
Additions Purchased	0	1,399	0	0	0	27	414	67	1,907
Additions Donated	0	0	0	0	0	0	0	0	0
Additions Government Granted	0	0	0	0	0	0	0	0	0
Additions Leased	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	(147)	147	0	0	0
Reclassifications as Held for Sale	(58)	(103)	0	0	0	0	0	0	(161)
Disposals other than for sale	(190)	(2,931)	0	0	0	0	0	0	(3,121)
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	0
Impairments/negative indexation	(217)	(265)	0	0	0	0	0	0	(482)
Reversal of Impairments	0	220	0	0	0	0	0	0	220
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	0
At 31 March 2013	12,240	33,014	0	0	0	174	1,698	126	47,252
Depreciation									
At 1 April 2012	190	1,339	0	0	0	0	722	0	2,251
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassifications as Held for Sale	0	0	0	0	0	0	0	0	0
Disposals other than for sale	(190)	(2,931)	0	0	0	0	0	0	(3,121)
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	0
Impairments	0	482	0	0	0	0	0	0	482
Reversal of Impairments	0	(36)	0	0	0	0	0	0	(36)
Charged During the Year	0	1,146	0	0	0	19	142	5	1,312
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	0
At 31 March 2013	0	0	0	0	0	19	864	5	888
Net Book Value at 31 March 2013	12,240	33,014	0	0	0	155	834	121	46,364
Purchased	12,176	32,640	0	0	0	155	834	121	45,926
Donated	64	374	0	0	0	0	0	0	438
Government Granted	0	0	0	0	0	0	0	0	0
Total at 31 March 2013	12,240	33,014	0	0	0	155	834	121	46,364
Asset financing:									
Owned	12,240	33,014	0	0	0	155	834	121	46,364
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SOFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual: interests	0	0	0	0	0	0	0	0	0
Total at 31 March 2013	12,240	33,014	0	0	0	155	834	121	46,364

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	4,678	5,019	0	0	(10)	0	0	0	9,687
Movements (specify)	(238)	(286)	0	0	10	0	0	0	(514)
At 31 March 2013	4,440	4,733	0	0	0	0	0	0	9,173

12.2 Property, plant and equipment

2011-12	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	**13,056**	**37,892**	**0**	**0**	**0**	**0**	**943**	**0**	**51,891**
Additions - purchased	0	1,812	0	0	147	0	341	59	**2,359**
Additions - donated	0	0	0	0	0	0	0	0	**0**
Additions - government granted	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	0	0	0	**0**
Revaluation & indexation gains	0	1,968	0	0	0	0	0	0	**1,968**
Impairments	0	(13)	0	0	0	0	0	0	**(13)**
Reversals of impairments	0	0	0	0	0	0	0	0	**0**
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	**0**
Cumulative dep netted off cost following revaluatic	(351)	(6,965)	0	0	0	0	0	0	**(7,316)**
At 31 March 2012	**12,705**	**34,694**	**0**	**0**	**147**	**0**	**1,284**	**59**	**48,889**
Depreciation									
At 1 April 2011	**351**	**6,965**	**0**	**0**	**0**	**0**	**610**	**0**	**7,926**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Reclassifications as Held for Sale	0	0	0	0	0	0	0	0	**0**
Disposals other than for sale	0	0	0	0	0	0	0	0	**0**
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	**0**
Impairments	210	987	0	0	0	0	0	0	**1,197**
Reversal of Impairments	(20)	(768)	0	0	0	0	0	0	**(788)**
Charged During the Year	0	1,120	0	0	0	0	112	0	**1,232**
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	**0**
Cumulative dep netted off cost following revaluatic	(351)	(6,965)	0	0	0	0	0	0	**(7,316)**
At 31 March 2012	**190**	**1,339**	**0**	**0**	**0**	**0**	**722**	**0**	**2,251**
Net Book Value at 31 March 2012	**12,515**	**33,355**	**0**	**0**	**147**	**0**	**562**	**59**	**46,638**
Purchased	12,451	32,971	0	0	147	0	562	59	**46,190**
Donated	64	384	0	0	0	0	0	0	**448**
Government Granted	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**12,515**	**33,355**	**0**	**0**	**147**	**0**	**562**	**59**	**46,638**
Asset financing:									
Owned	12,515	33,355	0	0	147	0	562	59	**46,638**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SOFP PFI contracts	0	0	0	0	0	0	0	0	**0**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**12,515**	**33,355**	**0**	**0**	**147**	**0**	**562**	**59**	**46,638**

12.3 Property, plant and equipment

See note 1.7 relating to revaluation of property, plant and equipment

Economic Lives of Property, Plant and Equipment

	Min Life Years	Max Life Years
Buildings exc Dwellings	0	80
Dwellings	0	0
Plant & Machinery	5	15
Transport Equipment	0	0
Information Technology	0	5
Furniture and Fittings	1	10

13 Intangible non-current assets

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

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000
Property, Plant and Equipment impairments and reversals taken to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Over-specification of assets	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen obsolescence	0	0	0
Loss as a result of catastrophe	0	0	0
Other	446	0	446
Changes in market price	0	0	0
Total charged to Annually Managed Expenditure	**446**	**0**	**446**
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve			
Loss or damage resulting from normal operations	0	0	0
Over Specification of Assets	0	0	0
Abandonment of assets in the course of construction	0	0	0
Unforeseen obsolescence	0	0	0
Loss as a result of catastrophe	0	0	0
Other	262	0	0
Changes in market price	0	0	0
Total impairments for PPE charged to reserves	**262**	0	0
Total Impairments of Property, Plant and Equipment	**708**	**0**	**446**
Intangible assets impairments and reversals charged to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Over-specification of assets	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen obsolescence	0	0	0
Loss as a result of catastrophe	0	0	0
Other	0	0	0
Changes in market price	0	0	0
Total charged to Annually Managed Expenditure	**0**	0	**0**
Intangible Assets impairments and reversals charged to the Revaluation Reserve			
Loss or damage resulting from normal operations	0	0	0
Over-specification of assets	0	0	0
Abandonment of assets in the course of construction	0	0	0
Unforeseen obsolescence	0	0	0
Loss as a result of catastrophe	0	0	0
Other	0	0	0
Changes in market price	0	0	0
Total impairments for Intangible Assets charged to Reserves	**0**	0	**0**
Total Impairments of Intangibles	**0**	**0**	**0**
Financial Assets charged to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Loss as a result of catastrophe	0	0	0
Other	0	0	0
Total charged to Annually Managed Expenditure	**0**	**0**	**0**
Financial Assets impairments and reversals charged to the Revaluation Reserve			
Loss or damage resulting from normal operations	0	0	0
Loss as a result of catastrophe	0	0	0
Other	0	0	0
TOTAL impairments for Financial Assets charged to reserves	**0**	**0**	**0**
Total Impairments of Financial Assets	**0**	**0**	**0**
Non-current assets held for sale - impairments and reversals charged to SoCNE.			
Loss or damage resulting from normal operations	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**

Unforeseen obsolescence	0	0	0
Loss as a result of catastrophe	0	0	0
Other	0	0	0
Changes in market price	0	0	0
Total charged to Annually Managed Expenditure	**0**	**0**	**0**
Total impairments of non-current assets held for sale	**0**	**0**	**0**
Inventories - impairments and reversals charged to SoCNE			
Loss or Damage Resulting from Normal Operations	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen Obsolescence	0	0	0
Loss as a Result of a Catastrophe	0	0	0
Other (Free text note required)*	0	0	0
Changes in Market Price	0	0	0
Total charged to Annually Managed Expenditure	**0**	**0**	**0**
Total impairments of Inventories	**0**	**0**	**0**
Investment Property impairments charged to SoCNE			
Loss or Damage Resulting from Normal Operations	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen Obsolescence	0	0	0
Loss as a Result of a Catastrophe	0	0	0
Other (Free text note required)*	0	0	0
Changes in Market Price	0	0	0
Total charged to Annually Managed Expenditure	**0**	**0**	**0**
Total Investment Property impairments charged to SoCNE	**0**	**0**	**0**
Investment Property impairments and reversals charged to the Revaluation Reserve			
Loss or Damage Resulting from Normal Operations	0	0	0
Over Specification of Assets	0	0	0
Abandonment of Assets in the Course of Construction	0	0	0
Unforeseen Obsolescence	0	0	0
Loss as a Result of a Catastrophe	0	0	0
Other (Free text note required)*	0	0	0
Changes in Market Price	0	0	0
TOTAL impairments for Investment Property charged to Reserves	**0**	**0**	**0**
Total Investment Property Impairments	**0**	**0**	**0**
Total Impairments charged to Revaluation Reserve	262	0	0
Total Impairments charged to SoCNE - DEL	0	0	0
Total Impairments charged to SoCNE - AME	446	0	446
Overall Total Impairments	**708**	**0**	**446**
Of which:			
Impairment on revaluation to "modern equivalent asset" basis	**0**	0	0
Donated and Gov Granted Assets, included above -			
PPE - Donated and Government Granted Asset Impairments: amount charged to SoCNE - DEL*	0	0	0
Intangibles - Donated and Government Granted Asset Impairments: amount charged to SoCNE -AME*	0	0	0

Impairment losses recognised during 2012/13 were a result of a full asset revaluation of land and buildings to reflect movements in market prices during the financial year. The District Valuer provided valuations as at 31 March 2013 resulting in total impairments of £708k, of which £446k has been charged against the Statement of Comprehensive Net Expenditure and £262k against the revaluation reserve. The revaluation as at 31 March 2013 resulted in some properties increasing in value during 2012-13. Depending on the treatment of previous impairments of those same properties, the benefit of these increases serves to reduce the net impairment charge

15 Investment property

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

	31 March 2013 £000	31 March 2012 £000
Investment property capital transactions in 2012-13		
Capital expenditure	0	0
Capital income	0	0
	0	0

16 Commitments

16.1 Capital commitments

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

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

16.2 Other financial commitments

The trust has entered into non-cancellable contracts (which are not leases or PFI contracts or other service

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

17 Intra-Government and other balances

	Current receivables £000s	Non-current receivables £000s	Current payables £000s	Non-current payables £000s
Balances with other Central Government Bodies	1,656	0	2,190	0
Balances with Local Authorities	2,426	0	2,565	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	3,089	0	12,471	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	1,885	0	38,875	0
At 31 March 2013	9,056	0	56,101	0
prior period:				
Balances with other Central Government Bodies	1,155	0	1,800	0
Balances with Local Authorities	1,133	0	3,566	0
Balances with NHS Trusts and Foundation Trusts	4,985	0	15,620	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	1,926	0	33,869	0
At 31 March 2012	9,199	0	54,855	0

18 Inventories

	Drugs £000	Consumables £000	Energy £000	Work in progress £000	Loan Equipment £000	Other £000	Total £000
Balance at 1 April 2012	**0**	**208**	**0**	**0**	**0**	**0**	**208**
Additions	0	185	0	0	0	0	**185**
Inventories recognised as an expense in the period	0	(208)	0	0	0	0	**(208)**
Write-down of inventories (including losses)	0	0	0	0	0	0	**0**
Reversal of write-down previously taken to SoCNE	0	0	0	0	0	0	**0**
Transfers (to)/from other public sector bodies	0	0	0	0	0	0	**0**
Balance at 31 March 2013	**0**	**185**	**0**	**0**	**0**	**0**	**185**

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	**4,531**	6,017	**0**	0
NHS receivables - capital	**0**	0	**0**	0
NHS prepayments and accrued income	**0**	0	**0**	0
Non-NHS receivables - revenue	**3,460**	1,799	**0**	0
Non-NHS receivables - capital	**0**	0	**0**	0
Non-NHS prepayments and accrued income	**1,073**	1,441	**0**	0
Provision for the impairment of receivables	**(212)**	(181)	**0**	0
VAT	**204**	123	**0**	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	**0**	0	**0**	0
Interest receivables	**0**	0	**0**	0
Finance lease receivables	**0**	0	**0**	0
Operating lease receivables	**0**	0	**0**	0
Other receivables	**0**	0	**0**	0
Total	**9,056**	9,199	**0**	0
Total current and non current	**9,056**	9,199		
Included above:				
Prepaid pensions contributions	**0**	0		

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

19.2 Receivables past their due date but not impaired

	31 March 2013 £000	31 March 2012 £000
By up to three months	**351**	39
By three to six months	**0**	0
By more than six months	**568**	2
Total	**919**	41

[Give details of any collateral held and, if possible an estimate of the fair value]

19.3 Provision for impairment of receivables

	2012-13 £000	**2011-12 £000**
Balance at 1 April 2012	**(181)**	**(316)**
Amount written off during the year	**0**	0
Amount recovered during the year	**3**	136
(Increase)/decrease in receivables impaired	**(34)**	(1)
Balance at 31 March 2013	**(212)**	(181)

The PCT reviewed all of the outstanding non-NHS debtor invoices that exceeded 90 days as at the 31st March and has made a provision for all such debts that are not covered by installment payments, promise of payment or there is no action being taken by the PCT's legal representatives to effect recovery.

20 NHS LIFT investments

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

21.1 Other financial assets - Current

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

21.2 Other Financial Assets - Non Current

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

21.3 Other Financial Assets - Capital Analysis

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

22 Other current assets

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

23 Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Opening balance	1	3
Net change in year	29	(2)
Closing balance	30	1
Made up of		
Cash with Government Banking Service	30	0
Commercial banks	0	0
Cash in hand	0	1
Current investments	0	0
Cash and cash equivalents as in statement of financial position	30	1
Bank overdraft - Government Banking Service	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in statement of cash flows	30	1
Patients' money held by the PCT, not included above	0	0

24 Non-current assets held for sale

	Land	Buildings, excl. dwellings	Dwellings	Asset Under Construction and Payments on Account	Plant and Machinery	Transport and Equipment	Information Technology	Furniture and Fittings	Intangible Assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2012	1,265	244	0	0	0	0	0	0	0	**1,509**
Plus assets classified as held for sale in the year	58	103	0	0	0	0	0	0	0	**161**
Less assets sold in the year	(115)	0	0	0	0	0	0	0	0	**(115)**
Less impairment of assets held for sale	0	0	0	0	0	0	0	0	0	**0**
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0	0	0	0	**0**
Transfers (to)/from other public sector bodies	0	0	0	0	0	0	0	0	0	**0**
Revaluation	0	0	0	0	0	0	0	0	0	**0**
Balance at 31 March 2013	**1,208**	**347**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1,555**
Liabilities associated with assets held for sale at 31 March 2013	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
										0
Balance at 1 April 2011	1,615	244	0	0	0	0	0	0	0	**1,859**
Plus assets classified as held for sale in the year	0	0	0	0	0	0	0	0	0	**0**
Less assets sold in the year	(350)	0	0	0	0	0	0	0	0	**(350)**
Less impairment of assets held for sale	0	0	0	0	0	0	0	0	0	**0**
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0	0	0	0	**0**
Balance at 31 March 2012	**1,265**	**244**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1,509**
Liabilities associated with assets held for sale at 31 March 2012	0	0	0	0	0	0	0	0	0	**0**

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

At 31 March 2012	0
At 31 March 2013	76

In 2012-13 the Church Hill Medical Centre site was sold for £185k and the net book value was £115k
In 2011-12 the Wythal Health Centre site was sold for £350k which was also the net book value.

25 Trade and other payables

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Interest payable	**0**	0	**0**	0
NHS payables - revenue	**12,955**	15,490	**0**	0
NHS payables - capital	**0**	462	**0**	0
NHS accruals and deferred income	**0**	0	**0**	0
Family Health Services (FHS) payables	**26,252**	26,078	0	0
Non-NHS payables - revenue	**14,558**	10,437	**0**	0
Non-NHS payables - capital	**1,074**	1,097	**0**	0
Non-NHS accruals and deferred income	**0**	0	**0**	0
Social security costs	**0**	91	**0**	0
VAT	**0**	0	**0**	0
Tax	**2**	112	**0**	0
Payments received on account	**0**	0	**0**	0
Other	950	1,088	0	0
Total	**55,791**	54,855	**0**	0
Total payables (current and non-current)	**55,791**	**54,855**		
Included above:				
Outstanding pension contributions at year end (£000s)	870	1,093		

26 Other liabilities

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

27 Borrowings

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Bank overdraft - Government Banking Service	**0**	0	**0**	0
Bank overdraft - commercial banks	**0**	0	**0**	0
PFI liabilities:				
Main liability	**0**	0	**0**	0
Lifecycle replacement received in advance	**0**	0	**0**	0
LIFT liabilities:				
Main liability	**0**	0	**0**	0
Lifecycle replacement received in advance	**0**	0	**0**	0
Finance lease liabilities	**0**	0	**0**	0
Other (describe)	**0**	0	**0**	0
Total	**0**	**0**	**0**	**0**
Total other liabilities (current and non-current)	**0**	**0**		

28 Other financial liabilities

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

29 Deferred income

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Opening balance at1 April 2012	**0**	438	**0**	24
Deferred income addition	**0**	0	**0**	0
Transfer of deferred income	**0**	(438)	**0**	(24)
Current deferred Income at 31 March 2013	**0**	0	**0**	0
Total other liabilities (current and non-current)	**0**	**0**		

30 Finance lease obligations

32 Provisions

Comprising:

	Total £000s	Pensions to Former Directors £000s	Pensions Relating to Other Staff £000s	Legal Claims £000s	Restructuring £000s	Continuing Care £000s	Equal Pay £000s	Agenda for Change £000s	Other* £000s	Redundancy £000s
Balance at 1 April 2012	**3,195**	0	2,223	6	0	0	0	0	741	225
Arising During the Year	**4,743**	0	251	0	0	4,461	0	0	31	0
Utilised During the Year	**(537)**	0	(300)	(6)	0	0	0	0	(45)	(186)
Reversed Unused	**(86)**	0	(47)	0	0	0	0	0	0	(39)
Unwinding of Discount	**82**	0	62	0	0	0	0	0	20	0
Change in Discount Rate	**82**	0	47	0	0	0	0	0	35	0
Transferred (to)/from other Public Sector bodies	**0**	0	0	0	0	0	0	0	0	0
Balance at 31 March 2013	**7,479**	**0**	**2,236**	**0**	**0**	**4,461**	**0**	**0**	**782**	**0**
Expected Timing of Cash Flows:										
No Later than One Year	**4,572**	**0**	**97**	**0**	**0**	**4,461**	**0**	**0**	**14**	**0**
Later than One Year and not later than Five Years	**444**	**0**	**388**	**0**	**0**	**0**	**0**	**0**	**56**	**0**
Later than Five Years	**2,463**	**0**	**1,751**	**0**	**0**	**0**	**0**	**0**	**712**	**0**

Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:	
As at 31 March 2013	1,142
As at 31 March 2012	991

*Other provisions includes £769k for injury benefits relating to GPs & £12k for public & employers liability payments via NHSLA

Continuing Healthcare Provision

This provision is for claims received by the PCT for continuing healthcare which have yet to be assessed. Claims are assessed for eligibility using the national guidance and toolkits. The provision has been calculated by taking the claims outstanding as at 31 March 2013, making an assessment of the likely financial value and then applying a conversion rate based on previous experience of conversions from referrals to those found to be eligible.

33 Contingencies

	31 March 2013 £000	31 March 2012 £000
Contingent liabilities		
Equal Pay	**0**	0
Legal Cases handled by NHSLA	**(6)**	(2)
Amounts Recoverable Against Contingent Liabilities	**0**	0
Net Value of Contingent Liabilities	**(6)**	(2)
Contingent Assets		
Legal charges on Group Homes	**1,850**	1,850
Pooled Budget Risk Reserve	**1,058**	868
Net Value of Contingent Assets	**2,908**	2,718

Contingent Assets

Under IAS37 contingent assets are required to be disclosed only where an inflow of economic benefit is probable. Contingent assets

Legal Charges on Group Homes

On 23rd March 1999 a first payment of £1.453m was made to the PCT's solicitors in respect of a section 28a grant to the New Era Housing Association to enable them to purchase the group home properties. This expenditure was included in the Worcestershire Health Authority's section 28a expenditure for 1998/99. A further grant was made to Harden Housing Association on 30th September 1999.

A legal charge was agreed on all of these properties such that should the properties become surplus to health care requirements the legal title to the property or the sale proceeds should revert back to the Secretary of State for Health. In practice this is the successor body of Worcestershire Health Authority which is Worcestershire PCT.

Whilst some properties have in the past been declared surplus to requirements and the sale proceeds have reverted to the Authority/PCT such events are:

a) uncertain, as the life expectancy of the clients cannot be predicted

b) dependent upon there being no suitable new clients willing, or able, to take up any vacancies that occur

c) dependent upon the rationalisation plans of the housing associations

Currently there are 11 properties still in operational use with a market value of £1.85m at the time of the transfer. The Joint Commissioning Unit is monitoring service requirements on a quarterly basis.

Pooled Budget Risk Reserve

As part of the joint commissioning arrangements set up between the PCT and Worcestershire County Council it was agreed that a risk reserve would be established and held at Worcestershire County Council. The Joint Commissioning Group decides whether a distribution is to be made and the timing of any distribution. The 31.3.13 balance on the reserve held within the County Council's accounts is £1,058k and at this time no decisions have been made about its future use or the timing of that use of the reserve. It is therefore uncertain whether or not the PCT and successor CCGs will receive a distribution.

34 PFI and LIFT - additional information

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 list.

Currency risk

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

Interest rate risk

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

Credit Risk

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

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

36.1 Financial Assets

	At 'fair value through profit and loss' £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	**0**
Receivables - NHS	0	4,531	0	**4,531**
Receivables - non-NHS	0	3,460	0	**3,460**
Cash at bank and in hand	0	30	0	**30**
Other financial assets	0	0	0	**0**
Total at 31 March 2013	**0**	**8,021**	**0**	**8,021**
Embedded derivatives	0	0	0	0
Receivables - NHS	0	6,017	0	6,017
Receivables - non-NHS	0	1,799	0	1,799
Cash at bank and in hand	0	1	0	1
Other financial assets	0	0	0	0
Total at 31 March 2012	0	7,817	0	7,817

36.2 Financial Liabilities

	At 'fair value through profit and loss' £000	Other £000	Total £000
Embedded derivatives	0	0	**0**
NHS payables	0	12,955	**12,955**
Non-NHS payables	0	42,834	**42,834**
Other borrowings	0	0	**0**
PFI & finance lease obligations	0	0	**0**
Other financial liabilities	0	0	**0**
Total at 31 March 2013	**0**	**55,789**	**55,789**
Embedded derivatives	0	0	0
NHS payables	0	15,952	15,952
Non-NHS payables	0	38,700	38,700
Other borrowings	0	0	0
PFI & finance lease obligations	0	0	0
Other financial liabilities	0	0	0
Total at 31 March 2012	**0**	54,652	54,652

37 Related party transactions

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

Related Party	Purpose of Transaction	£m	Creditors £m
Worcestershire Acute Hospitals NHS Trust	Purchase of Healthcare	280	3.1
Worcestershire Health and Care NHS Trust	Purchase of Healthcare	143	1.2
(Formerly Worcestershire Mental Health Partnership Trust and Worcestershire PCT Provider Arm)			
Birmingham East & North PCT *	Purchase of Healthcare	72	0.0
University Hospitals Birmingham NHS Foundation Trust	Purchase of Healthcare	21	1.9
West Midlands Ambulance Service NHS Foundation Trust	Purchase of Healthcare	18	0.6
(Formally West Midlands Service NHS Trust until 31.12.12)			
Gloucestershire Hospitals NHS Foundation Trust	Purchase of Healthcare	15	0.3
Royal Orthopaedic NHS Foundation Trust	Purchase of Healthcare	5	0.3
Birmingham Childrens Hospital NHS Foundation Trust	Purchase of Healthcare	4	0.4
The Dudley Group of Hospitals NHS Foundation Trust	Purchase of Healthcare	4	0.0
University Hospital Coventry & Warwick NHS Trust	Purchase of Healthcare	3	0.3
Sandwell & West Birmingham Hospitals NHS Trust	Purchase of Healthcare	3	0.1
Heart of England NHS Foundation Trust	Purchase of Healthcare	3	0.3
Wye Valley NHS Trust	Purchase of Healthcare	2	0.0
(Formerly Hereford Hospitals NHS Trust. NHS Herefordshire PCT Provider Services and Herefordshire Council Adult Social Care)			
Royal Wolverhampton Hospitals NHS Trust	Purchase of Healthcare	1	0.0
Birmingham Womens NHS Foundation Trust	Purchase of Healthcare	1	0.2
South Warwickshire NHS Foundation Trust	Purchase of Healthcare	1	0.1
Birmingham Community Healthcare NHS Trust	Purchase of Healthcare	1	0.0

* The entire payment to Birmingham East and North PCT relates to the commissioning of services through the West Midlands Specialist Commissioning Services which is hosted by Birmingham East and North PCT

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

Related Party	Purpose of Transaction	£m	Creditors £m
Worcestershire County Council	Purchase of Community Care	21.9	2.5
HM Revenue & Customs	Payment of Income Tax etc.	2.7	0
NHS Pensions Scheme	Payment of Superannuation	10.6	0.8

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

		Payments to Related Party £	Amounts owed to Related Party £
Dr A Kelly, F Blaine, D Farmer & C Ellson	Shareholders of Elgar Healthcare	1,531,189	29,407
Dr J Leach	GP at Davenal House	1,251,828	136,549
Dr C Ellson - Corbett Medical Practice	Mainly relates to GP Contract	1,785,722	168,277
Dr Kelly - Spa Medical Practice	Mainly relates to GP Contract	1,533,535	103,648
Dr S Gates - Bewdley Medical Practice	Mainly relates to GP Contract	1,895,048	180,048
Dr J Wells - Hillview Medical Practice	Mainly relates to GP Contract	1,064,034	82,213

Prior Year Comparators 2011-12

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

Related Party	Purpose of Transaction	£m	Creditors £m
Worcestershire Acute Hospitals NHS Trust	Purchase of Healthcare	270	5.5
Worcestershire Health and Care NHS Trust	Purchase of Healthcare	153	4.0
(Formerly Worcestershire Mental Health Partnership Trust and Worcestershire PCT Provider Arm)			
Birmingham East & North PCT *	Purchase of Healthcare	72	0.0
University Hospitals Birmingham NHS Foundation Trust	Purchase of Healthcare	21	0.6
Gloucestershire Hospitals NHS Foundation Trust	Purchase of Healthcare	19	1.2
Royal Orthopaedic NHS Foundation Trust	Purchase of Healthcare	6	0.2
Birmingham Childrens Hospital NHS Foundation Trust	Purchase of Healthcare	5	0.4
The Dudley Group of Hospitals NHS Foundation Trust	Purchase of Healthcare	4	0.0
University Hospital Coventry & Warwick NHS Trust	Purchase of Healthcare	4	0.1
Sandwell & West Birmingham Hospitals NHS Trust	Purchase of Healthcare	3	0.1
Heart of England NHS Foundation Trust	Purchase of Healthcare	3	0.0
Wye Valley NHS Trust	Purchase of Healthcare	2	0.8
(Formerly Hereford Hospitals NHS Trust. NHS Herefordshire PCT Provider Services and Herefordshire Council Adult Social Care)			
Royal Wolverhampton Hospitals NHS Trust	Purchase of Healthcare	1	0.0
Birmingham Womens NHS Foundation Trust	Purchase of Healthcare	1	0.0
Birmingham and Solihull MH NHS Foundation Trust	Purchase of Healthcare	1	0.1
South Warwickshire NHS Foundation Trust	Purchase of Healthcare	1	0.1
Birmingham Community Healthcare NHS Trust	Purchase of Healthcare	1	0.0

* The entire payment to Birmingham East and North PCT relates to the commissioning of services through the West Midlands Specialist Commissioning Services which is hosted by Birmingham East and North PCT

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

Related Party	Purpose of Transaction	£m	Creditors £m
Worcestershire County Council	Purchase of Community Care	18.2	3.9
HM Revenue & Customs	Payment of Income Tax etc.	3	0.1
NHS Pensions Scheme	Payment of Superannuation	10	1.1

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

		Payments to Related Party £	Amounts owed to Related Party £
Mrs Carol Thompson	Non-Exec Director of Heart of England Housing & Care Ltd (Up Until 31st July 2011)	46,286	0
Dr A Kelly, F Blaine, D Farmer & C Ellson	Shareholders of Elgar Healthcare	1,094,196	12,839
Dr J Leach	GP at Davenal House	1,249,217	87,778
Dr C Ellson - Corbett Medical Practice	Mainly relates to GP Contract	1,669,959	106,742
Dr Kelly - Spa Medical Practice	Mainly relates to GP Contract	1,608,431	99,177
Dr S Gates - Bewdley Medical Practice	Mainly relates to GP Contract	1,176,692	159,851
Dr J Wells - Hillview Medical Practice	Mainly relates to GP Contract	1,072,603	66,871

38 Losses and special payments

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

	Total Value of Cases £s	Total Number of Cases
Losses - PCT management costs	0	0
Special payments - PCT management costs	0	0
Losses in respect of the provision of family practitioner services	0	0
Special payments in respect of he provision of family practitioner services	0	0
Total losses	0	0
Total special payments	0	0
Total losses and special payments	0	0

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	1,070	26
Special payments - PCT management costs	665	1
Losses in respect of the provision of family practitioner services	0	0
Special payments in respect of he provision of family practitioner services	0	0
Total losses	1,070	26
Total special payments	665	1
Total losses and special payments	1,735	27

39 Third party assets
None

40 Pooled budgets
The PCT has entered into pooled budget arrangements hosted by Worcestershire County Council. Under the arrangement funds are pooled under s75 of the NHS Act 2006 for activities as follows: children's' services, learning disabilities, adult and older adult mental health, integrated community equipment, wheelchairs, carers, older people, substance misuse and social care for the benefit of Health.

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

The PCT's contribution to the pooled budgets were:

2012-13	2011-12
£,000	£,000
100,372	92,446

In 2012-13 wheelchairs is a new s75 pooled budget

41 Cashflows relating to exceptional items
None

42. Events after the end of the reporting period

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

Clinical Commissioning Groups (CCGs) will take over the commissioning of the majority of secondary healthcare with the exception of services transferring to the National Commissioning Board and the Local Authority. They will continue to hold the budget for GPpPrescribing. There will be three CCGs in Worcestershire: South Worcestershire, Redditch & Bromsgrove and Wyre Forest. Revenue budgets of circa £654 million will transfer to CCGs

The National Commissioning Board will be responsible for specialist healthcare purchasing, prison healthcare and primary care services provided by general practitioners, dentists, opticians and dispensing contractors. A revenue budget of circa £201 million will transfer to the National Commissioning Board.

Public Health services with a revenue budget of circa £21 million will transfer to Worcestershire County Council

The assets/liabilities of the PCT are transferring to the following new organisations on 1st April 2013:
- Department of Health
- Clinical Commissioning Groups
- The National Commissioning Board
- The Worcestershire Health & Care Trust
- NHS Property Services