



Department
of Health



South West Strategic Health Authority

2012-13 Annual Report and Accounts

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South West Strategic Health Authority

2012-13 Annual Report and Accounts



South West
Strategic
Health Authority
Annual Report
2012/13

The three Strategic Health Authorities (SHAs) in the South of England – South Central, South East Coast and South West – merged to form one SHA for the South of England in October 2011. However, three versions of the annual report have been produced because each individual SHA is a statutory body and therefore required to produce an annual report.

Each report should be read in conjunction with the SHA handover documents:

- Maintaining and improving quality during transition: handover document
- Operational Handover and Closedown Report

Chairman and Chief Executive's Foreword



Chairman Dr Geoff Harris OBE

This year has been a challenging and busy time for the NHS and the South of England has been no exception.

As new NHS structures have emerged, staff have worked hard to set up new systems and develop new working relationships while continuing to deliver the demands of their current roles without interruption.

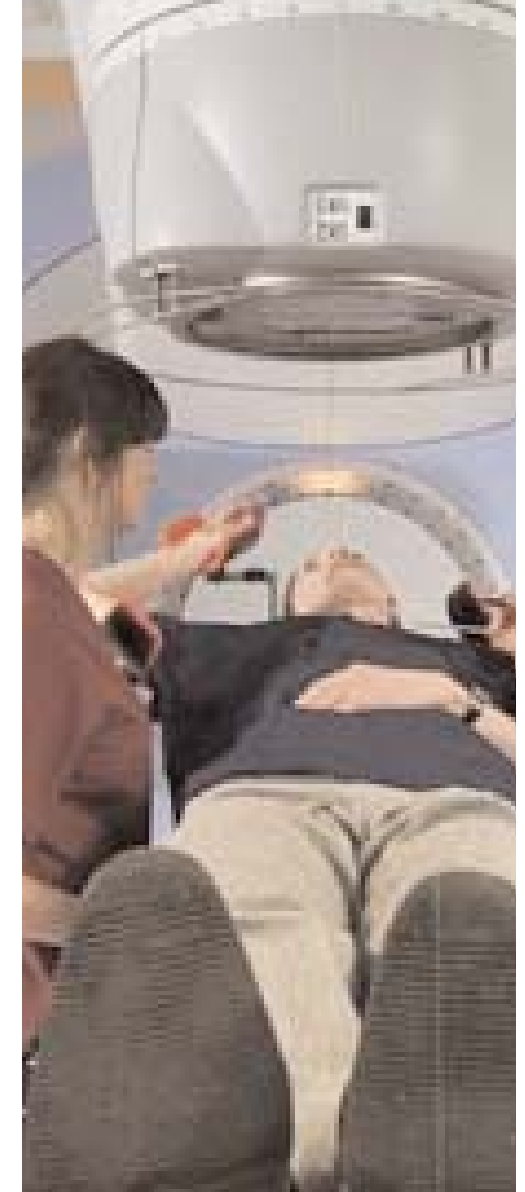
All parts of the NHS across the South of England have worked together to sustain and improve the quality of services delivered and to leave a strong legacy so that all the new Clinical Commissioning Groups will start without debt.

Improving the delivery of safe, high quality care and delivering the architecture of the new NHS have been our priorities. Successes have centred on:

- **Reducing waiting times:** since the establishment of NHS South of England, 18 week referral to treatment targets have been achieved and exceeded, and this year is no exception. This is a great achievement given the high and increasing demands on health services. More than 90% of patients admitted to hospital received their treatment within 18 weeks, as pledged by the NHS Constitution.



Chief Executive, Sir Ian Carruthers OBE



- **Continuing to have among the lowest waiting times in the country for Accident and Emergency** with 97.1% of patients waiting for four hours or less
- **Achieving all standards** in cancer waiting times
- **Reducing infection rates** with a significant drop in the number of healthcare associated infections
- **Consistent achievement** of emergency (Category A) ambulance response times
- **National mental health quality measures** achieved
- **Improving dementia services** with the establishment of a South of England Challenge Fund
- **Ensuring privacy and dignity.** For example, mixed sex accommodation has all but been eliminated, with plans in place to achieve this where not quite completed
- **The “Our Health” website**, pioneered in the South of England, will soon be rolled out nationwide. This will help patients, families and carers find the best services by providing information and comparisons on services for key areas of care such as dementia or stroke
- **Successful use of assistive technology** to support patients in their own homes in Kent and Cornwall

- **Improving efficiency** through better medicines management in South Central where staff won an NHS Innovation Challenge prize for their work
- **Investing in new facilities** including the modernisation of community hospitals, improvements at the Royal Sussex County Hospital, the expansion of the Sussex Cancer Centre, a new purpose built Regional Centre for Neurosciences in Brighton and a £3.5m investment to improve mental health inpatient wards in Kent.
- **Making a significant contribution to building the reformed NHS** through the development of the new organisations, namely the NHS Commissioning Board, Public Health England, Health Education England and the NHS Trust Development Authority.

Delivering better outcomes for patients depends on the care, competence and commitment of all the staff, who are the NHS. We thank you for your outstanding contribution in what has been a difficult year.

We are proud to have delivered steadily improving, high quality and sustainable healthcare to the diverse communities we serve across the South of England and we should all look forward to the future with ambition and confidence.



About NHS South West

South West Strategic Health Authority (SHA) was one of 10 strategic health authorities established on 1 July 2006. In October 2011 South Central, South East Coast and South West SHAs merged to become one SHA covering the South of England.

The merger was part of the NHS reforms that are underway, and as part of this SHAs were abolished on 31 March 2013.

Until then, SHAs responsibilities were:

- Providing strategic leadership to the local NHS, ensuring national policy is implemented at a local level
- Leading on organisational and workforce development, ensuring the NHS organisations in the region are fit for purpose and have a workforce to meet the future healthcare needs of the population
- Developing plans for improving health services in their region
- Making sure local health services are of a high quality and are performing well.

The NHS South West SHA region consisted of:

- 14 PCTs which merged to form seven PCT Clusters
- 17 NHS Foundation Trusts
- 10 NHS Trusts yet to achieve Foundation Trust status
- 12 Clinical Commissioning Groups





Facts about NHS South West:

- 117,000 staff did work in NHS organisations in the South West serving a population of around five million
- 795,703 elective admissions were dealt with by our teams*
- 529,450 non-elective admissions were dealt with by our teams*
- 256,338 emergency calls were handled by Great Western Ambulance Service and South West Ambulance Service collectively *
- £9 billion is spent collectively by NHS organisations in South West

**Year to date pro rata for the year end outturn*



Sustainability Reporting

The NHS carbon reduction strategy 'Saving Carbon, Improving Health', was launched in January 2009. It set out a commitment for the NHS to be a leading sustainable and low carbon organisation.

As a corporate body the NHS made good progress in reducing carbon emissions, including a 1.9% reduction in building energy use whilst managing an increase in activity of 11.4%. Reducing carbon emissions must be a core component of any future strategy.

Wider funding streams were introduced by for example Salix, Renewable Heat Incentive, Green Deal, Carbon and Energy Fund, Improving Energy Efficiency Fund to improve efficiencies and reduce emissions. In addition, regulatory controls, such as the EU Emission Trading Scheme and Carbon Reduction Commitment Energy Efficiency Scheme, have helped to underpin the drive towards lower carbon economies both within the public and private sectors.

A NHS South of England sustainable development management plan update was presented to the Board in March 2012 and continued to be used to support and assist progress toward a sustainable healthcare system. There is a good track record locally with 86-96% compliance to management plans.

Sustainable development leads have continued to support the programme by promoting best practice and maintaining an awareness of opportunity. Good examples of the work include:

- Sustainable development standards a pre-requisite for capital approvals
- Land and property rationalisation continued to take a high profile
- Regional Enablement Group, initiated by Trust Chief Executives

- Sustainable Surgeries Award Scheme with awards November 2012
- A tree planting event held December 2012

A sustainable healthcare system must do more than focus on carbon, it must also consider how to minimise other negative impacts for instance by reducing waste and harmful environmental or social impacts.

Emergency Preparedness

All NHS organisations in the south of England have in place a Major Incident Plan that is fully compliant with the requirements of the NHS Emergency Planning Guidance 2005 and all associated guidance.

Complaints handling

The Strategic Health Authority adopts the good practice recommendations published in Principles for Remedy by the Parliamentary and Health Service Ombudsman in May 2010. This sets out six principles that represent best practice when responding to a complaint made against the authority which has resulted in an injustice or hardship to the individual.

1. Getting it right
2. Being customer focused
3. Being open and accountable
4. Acting fairly and proportionately
5. Putting things right
6. Seeking continuous improvement



Human Resources

The Government's changes to the NHS include the abolition of strategic health authorities on 31 March 2013. However, the majority of our staff will move to the new NHS organisations that are being established.

The position of staff moving to a receiving organisation as of 31 March 2013 was as follows:

Receiver	Central staff	East staff	West staff
NHS Business Services Authority	21	23	4
Health Education England	221	18	168
NHS Commissioning Board	55	31	53
NHS Employers	1	1	2
NHS Trust Development Authority	2	7	34
NHS Property Services Limited	5	2	10
Health and Social Care Information Centre	19	15	7
Public Health England	11	10	5
Barts Health NHS Trust	0	3	0

As a responsible employer, NHS South of England has been committed to supporting its staff through the transition to the new arrangements.



Over the past 12 months the Human Resources team has focused on providing a range of support activities to help staff through transition. Workshops on cv writing, interview techniques, presentation skills and planning for retirement have been provided for staff, along with HR drop-in sessions and refresher training for managers on subjects such as managing capability, conduct and absenteeism.

A dedicated website with information about transition, job vacancies, HR policies and where to get support has been up and running for most of the year and regular face-to-face staff briefings have been led by senior directors across the region.

The Strategic Health Authority is an equal opportunities employer and is opposed to all forms of discrimination, whether intended or unintended. The Authority will work to ensure that no member of the public, patient, resident, job applicant or employee is treated less favourably than another because of any factor which is not relevant to the genuine requirements of the job or service delivered. The co-operation of all employees is essential for the success of this policy. The Authority will ensure that all employees are aware of their personal responsibility to follow and support this policy. Behaviour or actions against the spirit and or letter of the laws on which this policy is based will be considered a serious disciplinary matter and may, if appropriate, lead to dismissal.

The Strategic Health Authority has a policy of taking all reasonable measures to ensure it does not discriminate

against current and prospective employees with disabilities because of their infirmities as provided for under the Disability Discrimination Act.

A range of HR information is collected and available to the NHS South of England for planning and monitoring purposes. A summary of this information is below:

- 25% of staff declared they are from black or minority ethnic groups
- 70% of staff are female
- 32% of staff are part-time
- 0.5% of staff declared a disability
- 57% of staff declared a religious belief
- 54% of staff declared their sexual orientation.

Staff fell into the following age bands:

- 21- 30 years 8%
- 31-40 years 20%
- 41-50 years 34%
- 51-60 years 30%
- 61-70 years 7%.

The annual turnover of staff was 11% year to date.

Total sickness absence was 2.4% year to date.



Performance

(NHS South of England)

Measure	Period	Latest 2012-13 Data	Performance Achieved	Threshold	Source
Of all patients admitted to Accident and Emergency, the % discharged, admitted or transferred within four hours of arrival (all types)	2012-13	WE 31-Mar-2013	95.8%	95.0%	UNIFY2
Emergency Calls responded to within 8 minutes*	Jun 2012 - Mar 2013	Mar-13	75.6%	75.0%	UNIFY2
Adjusted Admitted patients treated within 18 weeks of being referred	2012-13	Mar-13	92.9%	90.0%	UNIFY2
Non-Admitted patients treated within 18 weeks of being referred	2012-13	Mar-13	97.5%	90.5%	UNIFY2
Cancer Patients seen within 2 weeks of referral	2012-13	Mar-13	95.4%	93.0%	OE
Patients with Breast Cancer Symptoms seen within 2 weeks of referral	2012-13	Mar-13	95.4%	93.0%	OE
Stroke Patients spending 90% or more of their time on a Stroke Unit	2012-13	2012-13-Q4	81.9%	80.0%	UNIFY2
Patients with a higher risk of Transient Ischaemic Attack treated within 24 Hours of presenting in an outpatient setting	2012-13	2012-13-Q4	74.5%	60.0%	UNIFY2
Admitted Adult Patients who have been risk assessed for Venous Thromboembolism	2012-13	Mar-13	93.2%	90.0%	UNIFY2
MRSA Infections (% variation to the YTD plan, where a negative value represents fewer cases than planned)	2012-13	Mar-13	10.8%	Plan YTD (195 Cases)	HPA
C.Difficile Infections (% variation to the YTD plan, where a negative value represents fewer cases than planned)	2012-13	Mar-13	-6.1%	Plan YTD (3963 Cases)	HPA
Breaches of the Mixed Sex Accommodation Guidance (Occurrences of unjustified mixing)	2012-13	Mar-13	953 Breaches	0 Breaches	UNIFY2

*This includes all Red 1 and Red 2 Calls, prior to 01 June 2012 these were "Category A Calls". Data is only available from June 2012 onwards.
 Data Source: This data has been sourced from the NHS England South KIS Datawarehouse (04 June 2013), originally extracted from UNIFY2, Open Exeter (OE) and the Health Protection Agency (HPA)



Meet the Board



1 Chairman Dr Geoff Harris OBE

Non Executive Directors:

2 Vice Chairman: Kate Lampard

3 Vice Chairman: Charles Howeson
(until July 2012 when he took
on the role of Associate
Non-Executive Director)

4 Professor Steven West

5 Alison Ryan

6 Terry Butler CBE

7 Joe McLoone

8 Stephen Tinton

9 Neil Churchill





10 Chief Executive, Sir Ian Carruthers OBE

11 Chief Operating Officer, Andrea Young

12 Director of Finance, Bob Alexander

13 Medical Director, Dr Mike Durkin

14 Director of Nursing, Liz Redfern CBE

15 Director of Corporate Affairs,
Olga Senior

16 Director of Commissioner
Development, Dominic Hardy

17 Director of Workforce Development,
Sue Webb

18 Director of Public Health, Professor
Yvonne Doyle

19 Director of Private Offices and
Communications, Andrew Millward

Dr Stephen Dunn, Director of Delivery
and Development for the NHS Trust
Development Authority, was an attending
member of the Board.



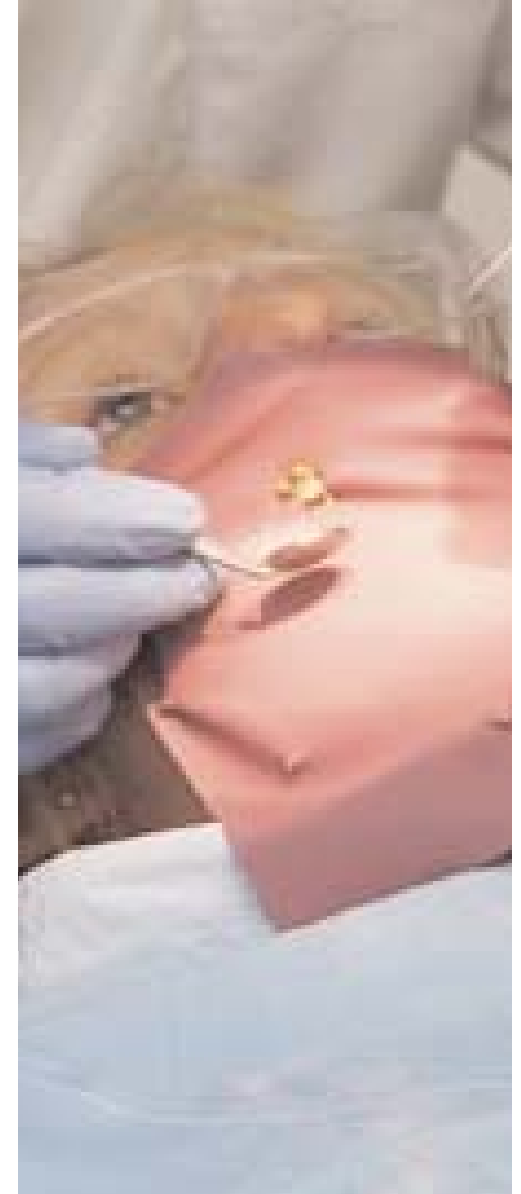
Remuneration Committee

The committee is a non-executive committee of the Board and has no executive powers, other than those specifically delegated by the Board as defined in the terms of reference.

The Board receives a report following each meeting of the Remuneration Committee. In addition the Remuneration Committee reports formally each year to the Board on how it has fulfilled its terms of reference.

The main objective of the Remuneration Committee is to make decisions on behalf of the Board on all aspects of remuneration and terms of service of the Chief Executive, SHA Directors, other direct reports to the Chief Executive, and other members of SHA staff on NHS Very Senior Management [VSM] terms and conditions. The SHA's scheme of delegation also provides that the committee advises on and oversees appropriate contractual arrangements for staff including the proper calculation and scrutiny of severance payments taking account of such national guidance as is appropriate.

The committee also has a grandparent role in considering and approving recommendations made by the Remuneration Committees of non foundation trust organisations across NHS South of England relating to termination payments [i.e. any payment over and above salary due and any unpaid annual leave at the point of termination, including but not limited to, severance payments, redundancy payments, pay in lieu of notice].





Committee Membership:

- Dr Geoff Harris OBE
- Ms Kate Lampard
- Mr Terry Butler CBE
- Mr Joe McLoone
- Ms Alison Ryan
- Mr Charles Howeson
- Mr Neil Churchill
- Professor Steve West.

Meetings

The Remuneration Committee met on 12 occasions during 2012/13.

Duties and Findings

When considering executive pay the Committee takes into account the following points, as matters of good practice:

- Remuneration packages must be such as to enable people of appropriate quality and capability to be recruited, retained and motivated, within levels of affordability
- All NHS bodies are part of the public sector and what they do, including the pay of their employees, must be publicly defensible and subject to audit
- NHS bodies must comply with current disclosure requirements for remuneration

- A properly defensible remuneration package requires a clear statement of responsibilities with rewards linked to their measurable discharge
- Wherever possible it will be advisable to seek independent advice about pay structures and the state of the market for the kind of managers to be recruited – including consultation with neighbouring NHS bodies.

In agreeing remuneration, the Remuneration Committee ensures that it has, in all cases, a clear statement of the responsibilities and accountabilities of individual posts.

Audit Committee

The Audit Committee met six times during 2012/13. Audit Committee minutes are presented to the Board at its meetings and can be viewed at the NHS South of England website (www.southofengland.nhs.uk) until September 2013

Corporate Governance

During the year the SHA has maintained its effective systems of internal control. A copy of the SHA's Annual Governance Statement for 2012/13 will be published on the Department of Health website.

This document is published in electronic format only but is available in print and in Braille, and may also be translated upon request. All requests should be made by 30 June 2013 to the Department of Health.



Annual Accounts for 2012/13

Summary Financial Statements

This summary of the South West Strategic Health Authority financial statements describes how the Authority used its resources for the period 1 April 2012 to 31 March 2013.

The South West Strategic Health Authority spent a net £396,037,000 (2011/12 - £390,791,000) against its available funding (the Revenue Resource Limit) of £514,399,000 (2011/12 - £508,623,000) therefore recording a surplus of £118,362,000 for the year ending 31 March 2013 (2011/12 - £117,832,000). This will be available to invest across the South West health economy in future years.

The South West Strategic Health Authority met its statutory duty to contain expenditure within the resource and cash limits set by the Department of Health and achieved operational financial balance.

In 2012/13 the South West Strategic Health Authority was responsible for its own administrative budgets and also the spending on investment to workforce education and training across the region. The authority is also responsible for managing nationally hosted programmes including the NHS Internal Management and Support team and National Radiology Academy scheme,

As a consequence of the Health and Social Care Act 2012, the South West Strategic Health Authority was dissolved on 1 April 2013. Its functions were transferred to various new or existing public sector entities.

The Secretary of State has directed that, where Parliamentary funding continues to be voted to permit the relevant services to be carried out elsewhere in the

public sector, this is normally sufficient evidence of going concern.

As a result, the Board of the South West Strategic Health Authority have prepared these financial statements on a going concern basis.

Results

The net expenditure of £396,037,000 (2011/12 - £390,791,000) can be analysed as follows:

Category	2012/13 £000	2011/12 £000
Workforce and Learning	370,150	369,774
Hosted Workforce Programmes	4,269	3,976
South West Strategic Health Authority activities	18,085	13,591
Internal Management and Support	3,533	3,450
TOTAL	396,037	390,791

These financial statements are a summary of the information in the full Annual Accounts 2012/13. The financial statements for 2012/13 have been prepared in accordance to the requirements of the International Financial Reporting Standards and describe how the South West Strategic Health Authority has used its resources to support the delivery of healthcare services in the South West.

A copy of these Accounts is available, free of charge, from the Department of Health, Richmond House, 79 Whitehall, London SW1A 2NS, telephone number 0207 210 4850 or via their website www.gov.uk. These Accounts include the Annual Governance Statement.

Independent Auditor's Report to the Department of Health's Accounting Officer in respect of South West Strategic Health Authority

We have examined the summary financial statement for the year ended 31 March 2013 which comprises the Results on page 14, the Statement of Comprehensive Net Expenditure, Statement of Changes in Taxpayers' Equity, Statement of Financial Position, Statement of Cash Flows, Expenditure, Workforce Development Costs, Running Costs, Employee benefits and staff numbers, Better Payment Practice Code and Remuneration Report (audited).

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

Respective responsibilities of signing officer and auditor

The signing officer is responsible for preparing the Annual Report.

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

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

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

Opinion

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

Grant Thornton UK LLP
Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT
5 June 2013

Statement of comprehensive net expenditure

The income and expenditure of the South West Strategic Health Authority is expressed in a Statement of Comprehensive Net Expenditure.

The operating costs of the South West Strategic Health Authority in 2012/13 and 2011/12 were as follows:

Statement of Comprehensive Net Expenditure	2012/13 £000	2011/12 £000
Employee Benefits	(21,914)	(18,992)
Other costs	(378,613)	(376,440)
Less Operating Revenue	4,490	4,641
Net Operating Costs	(396,037)	(390,791)
Net operating surplus for the financial year	118,362	117,832

The surplus against the resource limit of £118,362,000 will be returned to the NHS in the South West in 2013/14. This surplus was a planned position based on the financial plans of the Strategic Health Authority with regards to its abolition on 1 April 2013.

The following table shows the reconciliation of net operating costs to the Revenue Resource Limit for the year ended 31 March 2013:

Revenue Resource Limit and Operational Financial Balance	2012/13 £000	2011/12 £000
Net operating costs for the financial year	(396,037)	(390,791)
Revenue Resource Limit	514,399	508,623
Operational Financial Balance	118,362	117,832

Statement of changes in taxpayers' equity.

Statement of Changes in Taxpayers' Equity	2012/13 £000	2011/12 £000
Balance at 1 April	(1,400)	(1,009)
Changes in taxpayers' equity for the year		
Net Operating costs for the year	(396,037)	(390,791)
Movements in General Fund		
Non-cash charges - cost of capital	0	0
Total recognised income and expense for the year	(396,037)	(390,791)
Net Parliamentary funding	391,000	390,400
Balance at 31 March	(6,437)	(1,400)

Statement of financial position as at 31 March 2013.

Statement of Financial Position	2012/13 £000	2011/12 £000
Non-current assets		
Property, Plant & Equipment	3	28
Intangible Assets	0	0
	3	28
Current assets		
Trade and other receivables	2,134	2,467
Cash and cash equivalents	161	4
	2,295	2,471
Current liabilities		
Trade and other payables	(8,010)	(3,770)
Provisions	(725)	(129)
Total current liabilities	(8,735)	(3,899)
Non-current assets plus/less net current assets/liabilities	(6,437)	(1,400)
Non-current liabilities		
Provisions	0	0
Total assets employed	(6,437)	(1,400)
Taxpayers' equity		
General fund	(6,437)	(1,400)
Total taxpayers' equity	(6,437)	(1,400)

Statement of cash flows for the year ended 31 March 2013

Cash Flow Statement	2012/13 £000	2011/12 £000
Cash flows from operating activities		
Net operating costs	(396,037)	(390,791)
Other cash flow adjustments	803	356
(Increase)/decrease in trade and other receivables	333	1,195
(Increase)/decrease in trade and other payables	4,240	(637)
Provisions utilised	(182)	(522)
Net cash (outflow) from operating activities	(390,843)	(390,399)
Cash flows from investing activities		
Purchase of plant, property and equipment	0	0
Net cash (outflow) from investing activities	0	0
Net cash (outflow) before financing	(390,843)	(390,399)
Cash flows from financing activities		
Net Parliamentary funding	391,000	390,400
Net cash inflow from financing	391,000	390,400
Net increase/(decrease) in cash and cash equivalents	157	1
Cash and cash equivalents at beginning of the financial year	4	3
Cash and cash equivalents at the end of the financial year	161	4

Expenditure 2012/13

The expenditure for 2012/13 was incurred by the South West Strategic Health Authority as follows:

Operating costs (excluding employee benefits)	2012/13 £000	2011/12 £000
Chair and non-executive members' remuneration	35	81
Consultancy services	373	322
External contractors	2,496	1,039
Establishment expenses	1,758	1,789
Premises and non-current plant	898	1,021
Capital:		
Depreciation	25	25
Amortisation	0	0
Impairments	0	0
Capital charge interest	0	0
(Profit)/loss on disposal of fixed assets	0	0
	<u>25</u>	<u>25</u>
Auditors' remuneration:		
Audit	97	160
Other fees	1	0
Training (Workforce Development)	370,212	369,654
Other miscellaneous	2,718	2,349
Total	378,613	376,440

Workforce Development Costs

Workforce expenditure	2012/13 £000	2011/12 £000
NHS bodies	272,427	273,260
Educational Institutions	76,317	72,381
Other	21,468	24,013
Total	370,212	369,654

Auditors' Remuneration

The South West Strategic Health Authority is audited by Grant Thornton. The cost of their work, inclusive of Value Added Tax, will be £98,000 (2011/12 - £160,000), which includes £1,050 for other services.

Running Costs

Running costs include any cost incurred that is not a direct payment for the provision of healthcare or health related services.

Running costs 2012/13	SHA and Workforce	Public Health	Total
Running costs (£000s)	26,163	908	27,071
Weighted population (number)	5,115,861	5,115,861	5,115,861
Running costs per head of weighted population	£5.11	£0.18	£5.29

Running costs 2011/12	SHA and Workforce	Public Health	Total
Running costs (£000s)	28,476	855	29,331
Weighted population (number)	5,115,861	5,115,861	5,115,861
Running costs per head of weighted population	£5.57	£0.17	£5.73

Employee benefits and staff numbers

Employee benefits	2012/13 £000	2011/12 £000
Salaries and wages	16,703	15,808
Social security costs	1,348	1,337
Employer contributions to NHS Pensions scheme	1,836	1,847
Termination benefits	2,027	0
Total Employee benefits	21,914	18,992

Employee benefits for 2012/13 include £2,586,123 (2011/12 - £2,270,500) staff costs for the NHS Internal Management and Support programme that are hosted by the South West Strategic Health Authority.

The average number of employees (excluding agency staff) during the year was 257 (2011/12 - 255) that included 30 staff (2011/12 - 35) for hosted programmes.

Expenditure on staff benefits

The amount spent on staff benefits during the year totalled £0 (2011/12 - £0).

Better Payment Practice Code

The South West Strategic Health Authority is required to pay its non-NHS trade creditors in accordance with the Confederation of British Industry (CBI) Better Payment Practice Code. The target is to pay 95% of all trade creditors within 30 days of receipt of goods or a valid invoice (whichever is later) unless other payment terms have been agreed with the supplier.

The South West Strategic Health Authority has also signed up to the Prompt Payment Code that is a payment initiative developed by Government with the Institute of Credit Management.

Non-NHS bills	2012/13		2011/12	
	Number	£000	Number	£000
Total bills paid	6,692	94,451	5,926	91,898
Total bills paid within target	6,638	94,217	5,885	91,810
Percentage of bills paid within target	99.2%	99.8%	99.3%	99.9%

NHS bills	2012/13		2011/12	
	Number	£000	Number	£000
Total bills paid	1,888	283,963	1,927	288,373
Total bills paid within target	1,878	283,903	1,922	288,362
Percentage of bills paid within target	99.5%	99.9%	99.7%	99.9%

Committees of the Board – NHS South of England [cluster arrangement between South Central, South East Coast and South West Strategic Health Authorities]

Audit and Governance Committee

The committee is responsible for ensuring that the affairs of NHS South of England are conducted in line with relevant regulations, codes of conduct and any other relevant guidance. It has a programme of assurance that covers internal control, the assurance framework, risk management, internal audit, external audit, counter fraud, security management, annual accounts and other policies and procedures.

The committee comprises of six Non-Executive Members.

Members: Steve Tinton (Committee Chair), Terry Butler, Neil Churchill, Joe McLoone, Alison Ryan, Professor Steven West.

Remuneration and Terms of Service Committee

The committee is responsible for advising NHS South of England on appropriate terms of remuneration and terms of service, monitoring and evaluation of the performance of individual Executive Directors and contractual arrangements for such staff including scrutiny of termination payments.

The committee comprises eight Non-Executive Members including the Chair as appointed by the Appointments Commission.

Members: Geoffrey Harris (Committee Chair), Charles Howeson, Kate Lampard, Terry Butler, Neil Churchill, Joe McLoone, Alison Ryan, Professor Steven West.



South of England

Patient Safety and Care Standards Committee

The Patient Safety and Care Standards Committee is responsible for providing advice derived from annual and quarterly reviews of services to ensure high quality care is achieved in relation to patient safety and the patient experience.

The committee comprises eight Non-Executive Members.

Members: Professor Steven West (Committee Chair), Geoffrey Harris, Charles Howeson, Kate Lampard, Terry Butler, Neil Churchill, Joe McLoone, Alison Ryan

Remuneration Report for the period 1 April 2012 to 31 March 2013

Membership of the Remuneration and Terms of Service Committee

Membership of this committee consists of the Chairman and all Non-Executive Members of the Authority. Executive Directors are invited to attend on different occasions as and when required. No Executive Director is in attendance when their remuneration is being discussed.

Policy on the remuneration of senior managers for current and future financial years

The Department of Health in conjunction with HM Treasury produced a framework for Senior Managers in the National Health Service – Very Senior Managers pay framework.

Salaries under this framework are first approved by the Remuneration Committee of the South West Strategic Health Authority and subject to final approval by the Department of Health.

Performance Assessment

The South West Strategic Health Authority has agreed to follow the national pay framework for Very Senior Managers that includes the discretionary award of an annual non-pensionable, non-consolidated one off payment, dependent on performance that is shown as a performance related bonus in the salary tables.

Strategic Health Authority Board employment terms

The Chair and Non-Executive Members of the South West Strategic Health Authority were appointed by the Secretary of State for Health, with a term of office between two and four years, renewable dependent upon satisfactory performance.

The Non-Executive Members are lay members of the Board, whose remuneration is funded by the South West Strategic Health Authority in accordance with national guidelines.

The Chief Executive is a member of the NHS Pension Scheme. The employer's contribution to the scheme amounted to the equivalent of 14% of the Chief Executive's salary. The performance of the Chief Executive for the purposes of calculating his performance related pay bonus is measured by his achievement in completing specified objectives. His contract has no fixed term and is based on the Department of Health model contract with a six months' notice period.

The Executive Directors have permanent contracts of employment that include performance related pay linked to an annual performance appraisal. The contracts have a six months' notice period.

Related party disclosure

The Strategic Health Authority had income to the value of £30,000 from Bioquell PLC relating to the Chief Executive who is a Non-Executive Director of that organisation; the income is entered into a specific fund for staff development.

The Strategic Health Authority had expenditure of £25,933,368 and income of £959 with University of the West of England. The Chancellor of University of the West of England is Sir Ian Carruthers, the Chief Executive of the NHS South of England. The Vice Chancellor of University of the West of England is Professor Steven West, a Non-Executive Member of the NHS South of England Board.

The Strategic Health Authority had expenditure of £194,688 and income of £11,069 with Guy's and St Thomas' Hospital NHS Foundation Trust. The Director of Public Health of the NHS South of England Board is a non-paid member of the Trustees' Major Grant Committee.



Salaries and Allowances

The full salary and pension entitlements of senior managers of NHS South of England Cluster Board for the period 1 April 2012 to 31 March 2013 (audited)

Name	Position held	Year ended 31 March 2013				Year ended 31 March 2012			
		Salary (bands of £5,000)	Other Remuneration (bands of £5,000) ⁶	Bonus Payments (bands of £5,000) ⁷	Benefits in Kind (rounded to the nearest £00)	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Bonus Payments (bands of £5,000)	Benefits in Kind (rounded to the nearest £00)
		£000	£000	£000	£00	£000	£000	£000	£00
Sir Ian Carruthers OBE	Chief Executive	200 – 205	445 - 450	10 - 15	90	200 - 205		10 - 15	86
Andrea Young	Chief Operating Officer	180 – 185		5 - 10		180 – 185		5 - 10	
Bob Alexander ³	Director of Finance and IM&T	150 - 155	0 - 5	5 - 10		75 - 80			
Dr Mike Durkin ¹	Medical Director	110 – 115	5 – 10	35 - 40	19	110 - 115		30 – 35	57
Elizabeth Redfern CBE	Director of Nursing	135 – 140			10	130 – 135			
Dominic Hardy ³	Director of Commissioner Development	120 – 125				100 – 105		5 - 10	
Sue Webb	Director of Workforce Development	140 – 145	285 – 290			130 - 135			
Yvonne Doyle ^{1, 5}	Director of Public Health	120 -125	0 - 5	45 - 50		60 – 65		20 - 25	
Dr Gabriel Scally ²	Director of Public Health	-				120 - 125		75 - 80	
Olga Senior	Director of Corporate Affairs	120 – 125	0 - 5	0 - 5		120 - 125		0 - 5	
Andrew Millward	Director of Private Offices and Communications	130 – 135	15 - 20		16	120 - 125			34
Geoffrey Harris OBE	Chair	60 – 65				50 – 55			
Kate Lampard	Vice-Chair	40 – 45				45 - 50			
Steve Tinton	Non-Executive Member	10 – 15				15 - 20			
Neil Churchill	Non-Executive Member	5 – 10				5 - 10			
Terry Butler CBE	Non-Executive Member	5 – 10				5 – 10			
Joe McLoone	Non-Executive Member	5 – 10				5 – 10			
Alison Ryan	Non-Executive Member	5 – 10				5 - 10			
Prof. Steven West	Non-Executive Member	5 – 10				5 - 10			
Charles Howeson ⁴	Co-opted Non-Executive Member	15 - 20				45 - 50			

¹ Dr Mike Durkin and Dr Yvonne Doyle are paid a Clinical Excellence Award which is shown in Bonus Payments.

² to 31 March 2012 ³ from 3 October 2011 ⁴ to 30 June 2012 as Vice-Chair ⁵ from 1 April 2012 and to 2 October 2011

⁶ Other Remuneration includes holiday pay in lieu and redundancy following the Strategic Health Authority's abolition

⁷ As in previous years, bonuses have been paid to Very Senior Managers for the prior year's performance and recorded in the Accounts but no decision has yet been made on the amount of any bonuses for performance for 2012/13 and these are not included

Salaries and Allowances (continued)

The following table (audited) shows the South West Strategic Health Authority's entity share⁽¹⁾ of NHS South of England cluster board costs based on a weighted population calculation of the South of England region. The comparative figures for year ended 31 March 2012 shows the equivalent Strategic Health Authority's costs up to the clustering date of 3 October 2011 plus its entity share after the clustering date.

Name	Position held	Year ended 31 March 2013				Year ended 31 March 2012			
		Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Bonus Payments (bands of £5,000)	Benefits in Kind (rounded to the nearest £00)	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Bonus Payments (bands of £5,000)	Benefits in Kind (rounded to the nearest £00)
		£000	£000	£000	£00	£000	£000	£000	£00
Sir Ian Carruthers OBE	Chief Executive	80 – 85	445 - 450	0 – 5	35	140 - 145		5 – 10	57
Andrea Young	Chief Operating Officer	70 - 75		0 - 5		35 – 40		0 – 5	
Bob Alexander	Director of Finance and IM&T	60 - 65		0 - 5		30 – 35			
Dr Mike Durkin	Medical Director	45 - 50	5 – 10	15 - 20	7	80 – 85		20 – 25	24
Elizabeth Redfern CBE	Director of Nursing	50 – 55			4	85 – 90			
Dominic Hardy	Director of Commissioner Development	45 - 50		0 – 5		20 – 25		0 – 5	
Sue Webb	Director of Workforce Development	55 – 60				25 – 30			
Yvonne Doyle	Director of Public Health	45 - 50		15 - 20		-			
Dr Gabriel Scally	Director of Public Health	-		-		85 – 90		50 – 55	
Olga Senior	Director of Corporate Affairs	45 – 50		0 - 5		20 – 25		0 – 5	
Andrew Millward	Director of Private Offices / Comms	50 – 55	15 - 20		6	85 – 90			39
Geoffrey Harris OBE	Chair	20 – 25				10 – 15			
Kate Lampard	Vice-Chair	15 – 20				5 – 10			
Steve Tinton	Non-Executive Member	5 - 10				0 – 5			
Neil Churchill	Non-Executive Member	0 - 5				0 – 5			
Terry Butler CBE	Non-Executive Member	0 - 5				0 – 5			
Joe McLoone	Non-Executive Member	0 - 5				0 – 5			
Alison Ryan	Non-Executive Member	0 - 5				5 – 10			
Professor Steven West	Non-Executive Member	0 - 5				5 – 10			
Chares Howeson ²	Co-opted Non-Executive Member	5 – 10				30 – 35			
John Bewick	Commissioner Development	-				60 – 65			
Richard Caves	Information Mgmt. and Technology	-				50 – 55			22
Richard Gleave	Programme Implementation	-				60 – 65			
Lezli Bozwell	Director of Provider Development	-				50 – 55			11
Bill Shields	Finance and Performance	-				70 – 75	20 – 25		24
Jonathan Vickers	Non-Executive Member	-				5 – 10			
Geoffrey Wilkinson	Non-Executive Member	-				0 - 5			
Mid-point within band of Highest Paid Director's Remuneration				82,500				142,500	
Median Total Remuneration (£) ³				55,945				55,945	
Remuneration Ratio – median to highest paid director				1.5				2.5	

Salaries and Allowances (continued)

¹ 39.5% ² the employees' median remuneration has not been amended with respect to clustering and relates only to the South West Strategic Health Authority ³ Redundancy and payments in lieu have been charged to the originating entity in full

Bonuses are paid for the previous year's performance 2011/12 and that no decision has yet been made for bonuses for performance for 2012/13.

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

The entity share of the banded remuneration of the highest-paid director in the South West Strategic Health Authority in the financial year 2012/13 was £80,000 – 85,000 (2011/12 - £140,000 – 145,000). This was 1.5 times (2011/12 – 2.5) the median remuneration of the workforce, which was £55,945 (2011/12 - £55,945). The reduction is due to 2012/13 reflecting the Strategic Health Authority's entity share of the full year and the comparative year 2011/12 reflecting the full 6 months cost to the Strategic Health Authority up to the clustering date of 3 October 2011 plus the Authority's entity share from that date.

In 2012/13 nil (2011/12 – nil) employees received remuneration in excess of the highest-paid director.

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.



Pension Benefits (audited)

Executive members of NHS South of England:

Senior Manager	Real increase in pension at age 60 (bands of £2,500)	Real increase in pension lump sum at age 60 (bands of £2,500)	Total Accrued pension at age 60 at 31 March 2013 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2013 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2013	Cash Equivalent Transfer Value at 31 March 2012	Real increase in Cash Equivalent Transfer Value
	£000	£000	£000	£000	£000	£000	£000
Sir Ian Carruthers OBE	2.5 – 5	2.5 – 5	115 – 120	340 – 345	0	0	0
Andrea Young	0 – 2.5	5 – 7.5	50 – 55	155 – 160	1,016	927	41
Bob Alexander	0 – 2.5	5 – 7.5	30 – 35	90 – 95	575	520	28
Dr Mike Durkin ¹	(0) – (2.5)	(5) – (7.5)	85 – 90	265 – 270	0	0	0
Elizabeth Redfern CBE	0 – 2.5	5 – 7.5	15 – 20	55 – 60	0	0	0
Dominic Hardy	2.5 – 5	7.5 – 10	20 – 25	65 – 70	265	219	30
Sue Webb	5 – 7.5	15 – 17.5	40 – 45	120 – 125	0	0	0
Olga Senior	0 – 2.5	2.5 – 5	10 – 15	40 – 45	278	230	36
Andrew Millward	2.5 – 5	7.5 – 10	30 – 35	95 – 100	582	494	63
Yvonne Doyle	0 – 2.5	5 – 7.5	40 – 45	120 – 125	835	739	58

An inflationary uplift of 5.2% (2011/12 – 3.1%) has been used to calculate the real increase in values for the full financial year.

No lump sum will be shown for employees who only have membership in the 2008 section of the NHS Pension Scheme.

No CETV will be shown for members over 60 (1995 section) and 65 (2008 section).

¹ The pension entitlements for Dr Mike Durkin are derived both from his role as Medical Director for NHS South of England and also that of Consultant Anaesthetist at Gloucestershire Hospitals NHS Foundation Trust.

7.1 Further information for pension costs is shown in note 1.11 in the full Annual Accounts 2012/13 of the South West Strategic Health Authority.

8. Report of other compensation schemes – exit packages

8.1 The national Mutually Agreed Resignation Scheme (MARS) was developed in partnership with the Social Partnership Forum, to help NHS employers manage cost reductions and the workforce implications of redesigning services.

8.2 Under this scheme, nil staff left the Authority during 2012/13 (2011/12 – nil, £nil).

9. Remuneration waived by directors and allowances paid in lieu

9.1 No remuneration was waived by Directors.

9.2 Payments in lieu of annual leave in the banding £35,000 – 40,000 was paid to the Chief Executive, £15,000 – 20,000 was paid to the Director of Private Offices and Communications, £5,000 – 10,000 was paid to the Medical Director and £0 – 5,000 was paid to the Director of Finance, Director of Public Health and Director of Corporate Affairs following the abolition of the Strategic Health Authority. These are included in Other Remuneration.

9.3 No golden hello/compensation for loss of office was paid.



Department
of Health



South West Strategic Health Authority

2012-13 Accounts

October 2013

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South West Strategic Health Authority

2012-13 Accounts

Account of South West Strategic Health Authority 2012/13

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Account of South West Strategic Health Authority 2012/13

National Health Service

Annual Accounts 2012/13

The Accounts of the South West Strategic Health Authority

Foreword

These accounts have been prepared by the Strategic Health Authority under section 232 of the National Health Service Act 2006 (as amended) in the form which the Secretary of State, with the approval of HM Treasury, has directed.

The NHS Manual of Accounts provides guidance to NHS bodies on fulfilling their statutory duties in preparing and completing their annual report and accounts.

Statutory background

The South West Strategic Health Authority is a public body and part of the National Health Service. It is a statutory body governed by Acts of Parliament and came into existence on the 1 July 2006 under Statutory Instrument 2006 No 1408. As a statutory body, the South West Strategic Health Authority has specific powers to act as regulator, to contract in its own name, act as a corporate trustee, to fund projects jointly planned with and to make payment and grants to local authorities, voluntary organisations and other bodies.

From 3rd October 2011 the Strategic Health Authority has been under the single managerial control of the Board of the South of England cluster, which comprises South Central, South East Coast and South West Strategic Health Authorities. All three Strategic Health Authorities remain statutory bodies and are required to produce their own accounts and annual reports.

As a consequence of the Health and Social Care Act 2012, the South West Strategic Health Authority was dissolved on 1 April 2013. Its functions were transferred to various new or existing public sector entities.

The Secretary of State has directed that, where Parliamentary funding continues to be voted to permit the relevant services to be carried out elsewhere in the public sector, this is normally sufficient evidence of going concern.

As a result, the Board of the South West Strategic Health Authority have prepared these financial statements on a going concern basis.

Main functions of the South West Strategic Health Authority

Strategic Health Authorities manage the NHS locally, and provide an important link between the Department of Health and the NHS.

Strategic Health Authorities are responsible for:

- Providing strategic leadership to the local NHS, ensuring national policy is implemented at a local level.
- Leading on organisational and workforce development, ensuring the NHS organisations in the region are fit for purpose and have a workforce to meet the future healthcare needs of the population.
- Developing plans for improving health services in their region.
- Making sure local health services are of a high quality and are performing well.

Review of activities and performance against targets

The South West Strategic Health Authority, in line with other NHS bodies, operates resource based accounting. This expenditure is measured against a Resource Limit set by the Department of Health. The Authority has a statutory duty to contain expenditure within the Resource Limit and an administrative duty to achieve 'Operating Financial Balance'.

Account of South West Strategic Health Authority 2012/13

Running Costs

The South West Strategic Health Authority running costs totalled £27,071,000 for 2012/13 (2011/12, £29,331,000). This expenditure represents 6.8% of net operating costs (2011/12 - 7.5%).

Better Payment Practice Code

The South West Strategic Health Authority is required to pay its non-NHS trade creditors in accordance with the Better Payment Practice Code. The target is to pay non-NHS trade creditors within 30 days of receipt of goods or a valid invoice (whichever is the later) unless other payment terms have been agreed with the supplier.

Of total relevant bills, 99.2% of bills, representing 99.8% by value, were paid within target (2011/12; 99.3% of bills, representing 99.9% by value).

Names of NHS South of England Cluster Board Members

All of whom held office during the year up to the approval of the accounts.

Board Members

Sir Ian Carruthers OBE	Chief Executive
Andrea Young	Chief Operating Officer
Bob Alexander	Director of Finance and IM&T
Dr Mike Durkin	Medical Director
Elizabeth Redfern CBE	Director of Nursing
Geoffrey Harris OBE	Chair, Non-Executive Member
Kate Lampard	Vice-Chair, Non-Executive Member
Charles Howeson	Vice-Chair, Non-Executive Member
Steve Tinton	Non-Executive Member
Neil Churchill	Non-Executive Member
Terry Butler CBE	Non-Executive Member
Joe McLoone	Non-Executive Member
Alison Ryan	Non-Executive Member
Professor Steven West	Non-Executive Member

Board Members - Non Voting

Sue Webb	Director of Workforce Development
Yvonne Doyle	Director of Public Health
Olga Senior	Director of Corporate Affairs
Andrew Millward	Director of Private Offices and Communications
Dominic Hardy	Director of Commissioner Development

Account of South West Strategic Health Authority 2012/13

Policy in respect of equal opportunities and disabled employees

The Strategic Health Authority is an equal opportunities employer and is opposed to all forms of discrimination, whether intended or unintended. The Authority will work to ensure that no member of the public, patient, resident, job applicant or employee is treated less favourably than another because of any factor which is not relevant to the genuine requirements of the job or service delivered. The co-operation of all employees is essential for the success of this policy. The Authority will ensure that all employees are aware of their personal responsibility to follow and support this policy. Behaviour or actions against the spirit and or letter of the laws on which this policy is based will be considered a serious disciplinary matter and may, if appropriate, lead to dismissal.

The Strategic Health Authority has a policy of taking all reasonable measures to ensure it does not discriminate against current and prospective employees with disabilities because of their infirmities as provided for under the Disability Discrimination Act.

Auditors

The South West Strategic Health Authority is audited by Grant Thornton UK LLP. The Engagement Lead is Simon Garlick. The cost of their work, inclusive of Value Added Tax that is irrecoverable, was £105,000 (2011/12 - £160,000). In addition a rebate of £8,000 on the 2012/13 audit fees was received from the Audit Commission. The net audit fee of £97,000 reflects a 40% reduction to the audit fee scales in 2012/13.

Other services provided by Grant Thornton UK LLP during the year totalled £1,050 (2011/12 - nil).

**Robert Alexander, Director of Finance on behalf of
Sir Ian Carruthers OBE**
Accountable Officer **3 June 2013**

Account of South West Strategic Health Authority 2012/13

Statement of Comprehensive Net Expenditure for year ended 31 March 2013

	Note	2012/13 £000	2011/12 £000
Administration Costs and Programme Expenditure			
Gross employee benefits	7.1	21,914	18,992
Other costs	5.1	378,613	376,440
Income	4	(4,490)	(4,641)
Net operating costs for the financial year		396,037	390,791
Of which:			
Administration Costs			
Gross employee benefits	7.1	19,734	18,802
Other costs	5.1	8,239	11,729
Income	4	(902)	(1,200)
Net administration costs for the financial year		27,071	29,331
Programme Expenditure			
Gross employee benefits	7.1	2,180	190
Other costs	5.1	370,374	364,711
Income	4	(3,588)	(3,441)
Net programme expenditure for the financial year		368,966	361,460
Other Comprehensive Net Expenditure			
Impairments and reversals		0	0
Net (gain) on revaluation of property, plant & equipment		0	0
Total comprehensive net expenditure for the year		396,037	390,791

The notes on pages 8 to 35 form part of this account.

Account of South West Strategic Health Authority 2012/13

Statement of Financial Position as at 31 March 2013

		31 March 2013	31 March 2012
	Note	£000	£000
Non-Current Assets:			
Property, plant and equipment	9	3	28
Intangible assets	10	0	0
Trade and other receivables		0	0
Total non-current assets		<u>3</u>	<u>28</u>
Current Assets:			
Inventories		0	0
Trade and other receivables	12.1	2,134	2,467
Other current assets		0	0
Cash and cash equivalents	13	161	4
Sub-total current assets		<u>2,295</u>	<u>2,471</u>
Non-current assets held for sale		0	0
Total current assets		<u>2,295</u>	<u>2,471</u>
Total assets		<u>2,298</u>	<u>2,499</u>
Current Liabilities			
Trade and other payables	15	(8,010)	(3,770)
Other liabilities		0	0
Provisions	16	(725)	(129)
Borrowings		0	0
Other financial liabilities		0	0
Total current liabilities		<u>(8,735)</u>	<u>(3,899)</u>
Non-current assets plus/less net current assets/liabilities		<u>(6,437)</u>	<u>(1,400)</u>
Non-Current liabilities			
Trade and other payables		0	0
Provisions		0	0
Total non-current liabilities		<u>0</u>	<u>0</u>
Total Assets Employed:		<u>(6,437)</u>	<u>(1,400)</u>
Financed by Taxpayers' Equity:			
General fund		(6,437)	(1,400)
Revaluation reserve		0	0
Other reserves		0	0
Total Taxpayers' Equity:		<u>(6,437)</u>	<u>(1,400)</u>

The financial statements and the notes on pages 4 to 35 were approved by the Audit Committee on behalf of the Board on 3 June 2013, and signed on its behalf by:

Robert Alexander, Director of Finance on behalf of
Chief Executive

Date: 3/6/2013

5 - SOFP

signing officer

DATE 03.06.13

Account of South West Strategic Health Authority 2012/13

Statement of Financial Position as at 31 March 2013

		31 March 2013	31 March 2012
	Note	£000	£000
Non-Current Assets:			
Property, plant and equipment	9	3	28
Intangible assets	10	0	0
Trade and other receivables		0	0
Total non-current assets		<u>3</u>	<u>28</u>
Current Assets:			
Inventories		0	0
Trade and other receivables	12.1	2,134	2,467
Other current assets		0	0
Cash and cash equivalents	13	161	4
Sub-total current assets		<u>2,295</u>	<u>2,471</u>
Non-current assets held for sale		0	0
Total current assets		<u>2,295</u>	<u>2,471</u>
Total assets		<u>2,298</u>	<u>2,499</u>
Current Liabilities			
Trade and other payables	15	(8,010)	(3,770)
Other liabilities		0	0
Provisions	16	(725)	(129)
Borrowings		0	0
Other financial liabilities		0	0
Total current liabilities		<u>(8,735)</u>	<u>(3,899)</u>
Non-current assets plus/less net current assets/liabilities		<u>(6,437)</u>	<u>(1,400)</u>
Non-Current liabilities			
Trade and other payables		0	0
Provisions		0	0
Total non-current liabilities		<u>0</u>	<u>0</u>
Total Assets Employed:		<u>(6,437)</u>	<u>(1,400)</u>
Financed by Taxpayers' Equity:			
General fund		(6,437)	(1,400)
Revaluation reserve		0	0
Other reserves		0	0
Total Taxpayers' Equity:		<u>(6,437)</u>	<u>(1,400)</u>

The financial statements and the notes on pages 4 to 35 were approved by the Audit Committee on behalf of the Board on 3 June 2013, and signed on its behalf by:

**Robert Alexander, Director of Finance on behalf of
Chief Executive**

Date:

Account of South West Strategic Health Authority 2012/13

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

	General Fund / Total Reserves £000
Balance at 1 April 2012	(1,400)
Changes in taxpayers' equity for 2012/13	
Net operating cost for the year	(396,037)
Net gain on revaluation of property, plant, equipment	0
Net gain on revaluation of intangible assets	0
Net gain on revaluation of financial assets	0
Net gain on revaluation of assets held for sale	0
Impairments and reversals	0
Movements in other reserves	0
Transfers between reserves	0
Transfers to/(from) other bodies within the group	0
Reclassification adjustment on disposal of available for sale financial assets	0
Net actuarial gain/(loss) on pensions	0
Total recognised income and expense for 2012/13	(396,037)
Net parliamentary funding	391,000
Balance at 31 March 2013	(6,437)

**Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2012**

	General Fund / Total Reserves £000
Balance at 31 March 2011	(1,009)
Adjustment for accounting policy changes (donations and grants)	0
Restated balance at 1 April 2011	(1,009)
Net operating cost for the year	(390,791)
Net gain on revaluation of property, plant, equipment	0
Net gain on revaluation of intangible assets	0
Net gain on revaluation of financial assets	0
Net gain on revaluation of assets held for sale	0
Impairments and reversals	0
Movements in other reserves	0
Transfers between reserves	0
Release of reserves to Statement of Comprehensive Net Expenditure	0
Transfers to/(from) other bodies within the group	0
Net actuarial gain/(loss) on pensions	0
Total recognised income and expense for 2011/12	(390,791)
Net parliamentary funding	390,400
Balance at 31 March 2012	(1,400)

Account of South West Strategic Health Authority 2012/13

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		(396,037)	(390,791)
Depreciation and amortisation		25	25
Impairments and reversals		0	0
Other gains/(losses) on foreign exchange		0	0
Interest paid		0	0
(Increase)/decrease in inventories		0	0
(Increase)/decrease in trade and other receivables	12.1	333	1,195
(Increase)/decrease in other current assets		0	0
Increase/(decrease) in trade and other payables	15	4,240	(637)
(Increase)/decrease in other current liabilities		0	0
Provisions utilised	16	(182)	(522)
Increase/(decrease) in provisions		778	331
Net cash inflow/(outflow) from operating activities		(390,843)	(390,399)
Cash flows from investing activities			
Interest received		0	0
(Payments) for property, plant and equipment		0	0
(Payments) for intangible assets		0	0
(Payments) for other financial assets		0	0
Proceeds of disposal of assets held for sale (PPE)		0	0
Proceeds of disposal of assets held for sale (Intangible)		0	0
Proceeds from disposal of other financial assets		0	0
Rental revenue		0	0
Net cash inflow/(outflow) from investing activities		0	0
Net cash inflow/(outflow) before financing		(390,843)	(390,399)
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	3.4	391,000	390,400
Capital receipts surrendered		0	0
Capital grants and other capital receipts		0	0
Cash transferred (to)/from other NHS bodies		0	0
Net cash inflow/(outflow) from financing activities		391,000	390,400
Net increase/(decrease) in cash and cash equivalents		157	1
Cash and cash equivalents at beginning of the financial year		4	3
Opening balance adjustment - TCS transactions		0	
Restated cash and cash equivalents at beginning of the financial year		4	3
Effect of exchange rate changes in the balance of cash held in foreign currencies		0	0
Cash and cash equivalents (and bank overdrafts) at end of the financial year	13	161	4

Account of South West Strategic Health Authority 2012/13

1. Accounting Policies

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

The South West Strategic Health Authority 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 South West Strategic Health Authority exercises in-year budgetary control over the other entity.

1.1 Accounting Conventions

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

Acquisitions and Discontinued Operations

Activities are considered to be 'acquired' only if they are acquired from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one NHS body to another.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Strategic Health Authority'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.

Under the provisions of The Health and Social Care Act 2012 (commencement No.4.Transitional, Savings and Transitory Provisions) Order 2013, the South West Strategic Health Authority was dissolved on 1st April 2013. The Strategic Health Authority's functions, assets and liabilities transferred to other public sector entities as outlined in Note 22 Events after the Reporting Period. Where reconfigurations of this nature take place within the public sector, Government accounting requires that the activities concerned are to be considered as continuing operations, and so the closing entity prepares accounts on a "going concern" basis.

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

As a result, the Board of the South West Strategic Health Authority have prepared these financial statements on a going concern basis.

Account of South West Strategic Health Authority 2012/13

1. Accounting Policies (continued)

1.1 Accounting Conventions (continued)

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.

Key sources of estimation uncertainty

There are no other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year that require disclosure.

1.2 Revenue and Funding

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

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

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

1.3 Taxation

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

1.4 Administration and Programme Costs

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

From 2011/12, Strategic Health Authorities therefore analyse and report revenue income and expenditure by "admin and programme".

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

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

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

1.5 Property, Plant & Equipment

(a) Recognition

Property, plant and equipment is capitalised if:

- (i) it is held for use in delivering services or for administrative purposes.
- (ii) it is probable that future economic benefits will flow to, or service potential will be supplied to, the South West Strategic Health Authority.

1. Accounting Policies (continued)

1.5 Property, Plant & Equipment (continued)

(a) Recognition (continued)

(iii) it is expected to be used for more than one financial year.

(iv) 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.

(b) 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 Strategic Health Authority'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 *Assets Held at Fair Value*. Assets are revalued and depreciation commences when they are brought into use.

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

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

1. Accounting policies (continued)

1.5 Property, Plant & Equipment (continued)

(c) 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.

1.6 Intangible Assets

(a) Recognition

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

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

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

(b) Measurement

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

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

1.7 Depreciation, amortisation and impairments

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

Depreciation is charged on each individual fixed asset as follows:

- (i) intangible assets are amortised, on a straight line basis, over the estimated useful lives of the assets varying between three and five years.

Account of South West Strategic Health Authority 2012/13

1. Accounting policies (continued)

1.7 Depreciation, amortisation and impairments (continued)

- (ii) each equipment asset is depreciated evenly over their useful economic lives.
 - plant and machinery - five years.
 - information technology assets - between three and five years.
 - furniture and fittings assets - between five and ten years
- (iii) land and assets in the course of construction are not depreciated.

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

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

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

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

1.8 Cash and cash equivalents

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

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

1.9 Losses and Special Payments

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

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

1.10 Clinical Negligence Costs

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

Account of South West Strategic Health Authority 2012/13

1. Accounting policies (continued)

1.10 Clinical Negligence Costs (continued)

The NHS Litigation Authority operates a risk pooling scheme under which the Strategic Health Authority pays an annual contribution to the NHS Litigation Authority which in return settles all clinical negligence claims. The total value of clinical negligence provisions carried by the NHS Litigation Authority on behalf of the South West Strategic Health Authority is disclosed at Note 16.

1.11 Employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees, 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.

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, 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.

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 are accepted as providing suitably robust figures for financial reporting purposes. However, as the interval since the last formal valuation now exceeds four years, the valuation of the scheme liability as at 31 March 2013 is based on valuation data as at 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.

Account of South West Strategic Health Authority 2012/13

1. Accounting policies (continued)

Pension costs (continued)

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 as at March 2012 and will be used to inform the contribution rates to be used from 1 April 2015.

c) Scheme provisions

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

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

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

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

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

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

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

1.12 Other expenses

Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

Account of South West Strategic Health Authority 2012/13

1. Accounting policies (continued)

1.13 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 South West Strategic Health Authority, 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.

1.14 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 South West Strategic Health Authority as lessee

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term but have been written back to expenditure in 2012/13.

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

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases. This is a change in accounting policy from previous years where leased land was always treated as an operating lease.

The South West Strategic Health Authority as lessor

The Strategic Health Authority is not lessor to any lease agreement.

1.15 Provisions

Provisions are recognised when the Strategic Health Authority has a present legal or constructive obligation as a result of a past event, it is probable that the Strategic Health Authority 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. Provisions are valued at their expected cost to the Strategic Health Authority and not measured using HM Treasury's discount rates to arrive at a carrying value being its present value based on those discount rates.

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 Strategic Health Authority 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.

Account of South West Strategic Health Authority 2012/13

1. Accounting policies (continued)

1.15 Provisions (continued)

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

1.16 Financial Instruments

Financial assets

Financial assets are recognised when the Strategic Health Authority 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:

- (i) financial assets 'at fair value through profit and loss'.
- (ii) 'held to maturity investments'.
- (iii) '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.

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 Strategic Health Authority 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.

Account of South West Strategic Health Authority 2012/13

1. Accounting policies (continued)

1.16 Financial Instruments (continued)

Loans and receivables (continued)

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

Financial liabilities

Financial liabilities are recognised on the Statement of Financial Position when the South West Strategic Health Authority 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.

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.

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

Currency risk

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

Interest rate risk

Strategic Health Authorities are not permitted to borrow. The Strategic Health Authority therefore has low exposure to interest-rate fluctuations.

Account of South West Strategic Health Authority 2012/13

1. Accounting policies (continued)

1.16 Financial Instruments (continued)

Credit Risk

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

Liquidity Risk

The Strategic Health Authority 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 Strategic Health Authority is not, therefore, exposed to significant liquidity risks.

1.17 Accounting Standards that have been issued but have not yet been adopted

The HM Treasury FReM does not require the following Standards and Interpretations to be applied in 2012/13. The application of the Standards as revised would not have a material impact on the accounts for 2012/13, were they applied in that year:

- IAS 27 : Consolidated and Separate Financial Statements - agreed divergence relating to consolidation of charitable funds
- IAS 28 : Investments in Associates and Joint Ventures - not relevant
- IFRS 9 : Financial Instruments - deferred to January 2015
- IFRS 10 : Consolidated Financial Statements - subject to consultation
- IFRS 11 : Joint Arrangements - not applicable 2012-13
- IFRS 12 : Disclosure of Interests in Other Entities - not applicable 2012-13
- IFRS 13 : Fair Value Measurement - not applicable 2012-13
- IPSAS 32 : Service Concession Arrangements (Grantor) - subject to consultation; not shown in 2012-13

Account of South West Strategic Health Authority 2012/13

2. Operating Segments

The operational business segments shown below match the broad analysis of expenditure presented to the Board during the year.

For the year ended 31 March 2013, the South West Strategic Health Authority was responsible for the resources of the Directorate of Workforce Development which manages the education and training of the local NHS Workforce (known as MPET - Multi-Professional Education & Training), and other national hosted programmes.

From 2009/10 the South West Strategic Health Authority has held responsibility to hosted arrangements for three national programmes. These are the NHS Internal Management and Support programme (IMAS) as part of SHA activities and the hosted workforce arrangements for Radiologists Academies and National Workforce Projects as part of Workforce Development expenditure.

SHA Activities relate to the management and running costs of the Strategic Health Authority including the deployment of certain national programmes.

	SHA Activities		Workforce Development Activities		Other Activities				TOTAL	
					Internal Management and Support		Hosted Workforce Programmes			
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Programme Costs	18,712	14,280	373,795	373,279	3,751	3,897	4,269	3,976	400,527	395,432
Income	(627)	(689)	(3,645)	(3,505)	(218)	(447)	0	0	(4,490)	(4,641)
Net Operating Costs	18,085	13,591	370,150	369,774	3,533	3,450	4,269	3,976	396,037	390,791
Revenue Resource Limit	100,575	95,117	404,655	405,015	4,900	4,515	4,269	3,976	514,399	508,623
Surplus/(deficit) before interest	82,490	81,526	34,505	35,241	1,367	1,065	0	0	118,362	117,832

All segments are disclosed and therefore the total column agrees to the relevant note in the Accounts. As the Strategic Health Authority reports on an activity type basis only, there is no geographical segmentation to be disclosed.

Significant customers within Workforce Development Activities are with Educational Institutions and other NHS Bodies. The values of these transactions are included in notes 5.5 and 20 respectively.

Account of South West Strategic Health Authority 2012/13

3. Financial Performance Targets

3.1 Revenue Resource Limit	2012/13	2011/12
	£000	£000
Net operating costs for the financial year	396,037	390,791
Revenue Resource Limit	514,399	508,623
Under/(Over) spend against Revenue Resource Limit	118,362	117,832

3.2 Capital Resource Limit	2012/13	2011/12
	£000	£000

The Strategic Health Authority is required to keep within its Capital Resource Limit

Capital Resource Limit	0	0
Charge against Capital Resource Limit	0	0
(Over)/under spend against Capital Resource Limit	0	0

3.3 Under/(Over) spend against cash limit	2012/13	2011/12
	£000	£000
Total charge to cash limit	391,000	390,400
Cash limit	478,210	393,579
Under/(over) spend against cash limit	87,210	3,179

3.4 Reconciliation of Cash Drawings to Parliamentary Funding	2012/13	2011/12
	£000	£000
Total cash received from Department of Health (Gross)	393,995	390,400
Less: Trade income from Department of Health	(2,939)	0
Less/(Plus): movement in Department of Health receivables	(56)	0
Sub total: net advances	391,000	390,400
(Less)/Plus: transfers (to)/from other resource account bodies	0	0
Plus: cost of Dentistry Schemes (central charge to cash limits)	0	0
Plus: drugs reimbursement (central charge to cash limits)	0	0
Parliamentary funding credited to General Fund	391,000	390,400

Account of South West Strategic Health Authority 2012/13

4. Miscellaneous Income

	2012/13 Total £000	2012/13 Admin £000	2012/13 Programme £000	2011/12 Total £000
Fees & charges	310	171	139	169
Recoveries in respect employee benefits	435	389	46	421
Other	3,745	342	3,403	4,051
Total Miscellaneous Income	4,490	902	3,588	4,641

5. Operating Costs

5.1 Operating costs (excluding employee benefits)

	2012/13 Total £000	2012/13 Admin £000	2012/13 Programme £000	2011/12 Total £000
Chair and non-executive directors' remuneration	35	35	0	81
Consultancy services	373	175	198	322
External contractors	2,496	949	1,547	1,039
Establishment expenses	1,758	1,630	128	1,789
Transport and moveable plant	0	0	0	0
Premises	898	887	11	1,021
Depreciation	25	25	0	25
Capital - Impairments and reversals - PPE	0	0	0	0
Auditors' remuneration - audit fee	97	97	0	160
Auditors' remuneration - other fees	1	1	0	0
Training - Multi-Professional Education and Training	370,212	2,924	367,288	369,654
Miscellaneous expenditure	2,718	1,516	1,202	2,349
Total operating costs (excluding employee benefits)	378,613	8,239	370,374	376,440

The principal amounts of miscellaneous expenditure have been: £764k Innovation Health and Wealth, £233k National Programme for Information Technology and £222k Improving Access to Psychological Therapies.

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

	2012/13 Total £000	2012/13 Admin £000	2012/13 Programme £000	2011/12 Total £000
Employee benefits (excluding officer board members)	21,018	18,838	2,180	17,364
Officer board members	896	896	0	1,628
Total employee benefits	21,914	19,734	2,180	18,992
Total operating costs	400,527	27,973	372,554	395,432

Account of South West Strategic Health Authority 2012/13

5. Operating Costs (continued)

5.3 Gross running costs and public health expenditure

	2012/13 £000	2011/12 £000
Of total operating costs which is running costs	<u>27,973</u>	<u>30,171</u>
Of total operating costs (excluding employee benefits) which is public health	197	111
Of total employee benefits which is public health	<u>711</u>	<u>744</u>
Total public health expenditure	<u>908</u>	<u>855</u>
Of operating revenue which is amount relating to public health income from outside the NHS/DH	<u>0</u>	<u>0</u>

Running costs include any cost incurred that is not a direct payment for the provision of healthcare or health related services.

5.4 Net running costs

<u>2012/13</u>	2012/13 SHA & MPET	2012/13 Public Health	2012/13 Total
Running costs (£000)	26,163	908	27,071
Weighted population (number)	5,115,861	5,115,861	5,115,861
Running costs per weighted head of population (£)	£ 5.11	£ 0.18	£ 5.29
<u>2011/12</u>	2011/12 SHA & MPET	2011/12 Public Health	2011/12 Total
Running costs (£000)	28,476	855	29,331
Weighted population (number)	5,115,861	5,115,861	5,115,861
Running costs per weighted head of population (£)	£ 5.57	£ 0.17	£ 5.73

Account of South West Strategic Health Authority 2012/13

5. Operating Costs (continued)

5.5 Workforce Development Costs

	2012/13 £000	2011/12 £000
NHS Bodies (amounts included in Note 20 Related Party Transactions)	272,427	273,260
Educational Institutions ¹	76,317	72,381
Other ²	21,468	24,013
Total	<u>370,212</u>	<u>369,654</u>

¹ Educational Institutions	Type of Training Provided	2012/13 £000	2011/12 £000
Castle College, Nottingham	MTOs	-	2
City of Westminster College	MTOs	200	300
College of St Mark and St John	Speech and Language Therapy	1,171	1,147
Open University	Nursing	114	121
Oxford Brookes University	Nursing and Paramedics	2,046	2,009
Southampton University	Clinical Psychology, Occupational Therapy, Physiotherapy and Nursing Pre and Post Registration Programmes	229	105
Bournemouth University	General Practitioner Education, Operating Department Practitioners , Teacher Development, Occupational Therapy, Physiotherapy and Nursing and Midwifery Pre and Post Registration Programmes	11,171	11,267
University of Bristol	Audiology	4,953	5,932
University of Exeter	Clinical Psychology and Diagnostic Radiography	4,168	3,462
University of Gloucestershire	Post Registration Contract	-	14
University of Plymouth	Operating Department Practitioner and Nursing Pre and Post Registration Programmes	16,302	16,710
University of the West of England	Occupational Therapy, Physiotherapy, diagnostic Radiography, Therapeutic Radiography and Nursing and Midwifery Pre and Post Registration Programmes	25,933	24,696
Peninsula College of Medicine and Dentistry	Undergraduate doctors in training	9,607	6,342
Other		423	274
Total		<u>76,317</u>	<u>72,381</u>

² Other

Principal expenditure includes: Capita e-Learning £4,899,996 (2011/12: £4,328,330), Payments to social enterprises £4,302,364 (2011/12: £2,468,102) and Avon Primary Care £4,200,003 (2011/12: £4,301,055).

Account of South West Strategic Health Authority 2012/13

6. Operating Leases

Operating lease expenses includes £171,644 for South West House, the headquarters of NHS South West; £80,204 for Vantage House, the offices of the Severn Deanery and £109,219 for Raleigh House, the offices of the Peninsular Deanery.

6.1 South West Strategic Health Authority as lessee¹

	2012/13 Total £000	Buildings £000	Land £000	Other £000	2011/12 Total £000
Payments recognised as an expense					
Minimum lease payments	488	284	77	127	876
Contingent rents	0	0	0	0	0
Sub-lease payments	0	0	0	0	0
Total	488	284	77	127	876
Payable:					
No later than one year	787	586	149	52	808
Between one and five years	2,952	2,342	597	13	2,856
After five years	4,830	4,103	727	0	5,372
Total	8,569	7,031	1,473	65	9,036
Total future sublease payments expected to be received:					0

¹ Disaggregation of Buildings, Land and Other Operating Leases was identified for the first time in 2010/11. The fair values for land and buildings at the inception of the lease has been used as a basis for apportioning the lease expense and commitments.

The balances remaining of the lease payment holidays that were originally granted to the Strategic Health Authority as lessee for the occupation of both South West and Vantage Houses, that in prior years had been spread across the life term of each lease as required by International Financial Reporting Standards thereby reducing the effective annual charge, have been fully released during 2012/13 as a result of the abolition of the Strategic Health Authority. The values released for the above houses that have resulted in a much lower operating lease expense in the accounts during the year are £218k and £119k respectively.

All leases have been novated to the relevant successor body that has become responsible for the above buildings.

Account of South West Strategic Health Authority 2012/13

7. Employee benefits and staff numbers

7.1 Employee benefits

				Permanently employed			Other		
	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
Employee benefits 2012/13 - gross expenditure									
Salaries and wages	16,703	16,550	153	15,301	15,171	130	1,402	1,379	23
Social security costs	1,348	1,348	0	1,348	1,348	0	0	0	0
Employer contributions to NHS BSA - Pensions Division	1,836	1,836	0	1,836	1,836	0	0	0	0
Termination benefits	2,027	0	2,027	2,027	0	2,027	0	0	0
Total employee benefits	21,914	19,734	2,180	20,512	18,355	2,157	1,402	1,379	23
Less recoveries in respect of employee benefits (table below)	(435)	(389)	(46)	(435)	(389)	(46)	0	0	0
Total - Net employee benefits including capitalised costs	21,479	19,345	2,134	20,077	17,966	2,111	1,402	1,379	23
Employee benefits 2012/13 - income									
Salaries and wages	435	389	46	435	389	46	0	0	0
Social security costs	0	0	0	0	0	0	0	0	0
Employer contributions to NHS BSA - Pensions Division	0	0	0	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0	0	0	0
Total excluding capitalised costs	435	389	46	435	389	46	0	0	0
Employee benefits - 2011/12									
Salaries and wages	15,808	15,653	155	14,964	14,809	155	844	844	0
Social security costs	1,337	1,322	15	1,337	1,322	15	0	0	0
Employer contributions to NHS BSA - Pensions Division	1,847	1,827	20	1,847	1,827	20	0	0	0
Total employee benefits	18,992	18,802	190	18,148	17,958	190	844	844	0
Employee costs capitalised	0								
Net Employee Benefits excluding capitalised costs	18,992								

Account of South West Strategic Health Authority 2012/13

7. Employee benefits and staff numbers (continued)

7.2 Staff numbers

	2012/13		2011/12	
	Total Number	Permanently employed Number	Other Number	Total Number
Total (whole time equivalent)	279	257	22	272

7.3 Staff sickness, absence and ill health retirements

	2012/13 Number	2011/12 Number
Total days lost	1,917	1,081
Total staff years	244	250
Average working days lost	7.9	4.3

The figures shown are for the calendar year to 31st December

There were no ill-health retirements during 2012/13 (2011/12 : nil)

7.4 Exit Packages for staff leaving in 2012/13

26

Exit package cost band (including any special payment element)	2012/13		2011/12			
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band (total cost) Number	*Number of compulsory redundancies Number	*Number of other departures agreed Number	Total number of exit packages by cost band (total cost) Number
Less than £10,000	".."	".."	".."	".."	".."	".."
£10,001 - £25,000	".."	".."	".."	".."	".."	".."
£25,001 - £50,000	".."	".."	".."	".."	".."	".."
£50,001 - £100,000	10	".."	10	".."	".."	".."
£100,001 - £150,000	".."	".."	".."	".."	".."	".."
£150,001 - £200,000	".."	".."	".."	".."	".."	".."
>£200,000	".."	".."	".."	".."	".."	".."
Total number of exit packages	17	".."	17	".."	".."	".."
Total resource cost (£000)	2,027,000	0	2,027,000	0	0	0

* Numbers are rounded to the nearest ten and numbers less than five are represented by "...". The use of "..." is allowed for in the Manual for Accounts and ensures that the disclosure does not compromise individual severance payments.

This disclosure reports the number and value of exit packages taken by staff leaving in the year. All the above exit packages were in accordance with the provisions of NHS Staff Terms and Conditions or agreed under the national Mutually Agreed Resignation Scheme (MARS). MARS was developed in partnership with the Social Partnership Forum to help NHS employers manage cost reductions and the workforce implications of redesigning services. Where the Strategic Health Authority has agreed early retirements, the additional costs are met by the Strategic Health Authority and not by the NHS Pensions scheme. Retirements on the grounds of ill-health are met by the NHS Pensions scheme and are not included in this table.

Account of South West Strategic Health Authority 2012/13

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	6,692	94,451	5,926	91,898
Total non-NHS trade invoices paid within target	<u>6,638</u>	<u>94,217</u>	<u>5,885</u>	<u>91,810</u>
Percentage of NHS trade invoices paid within target	<u>99.2%</u>	<u>99.8%</u>	<u>99.3%</u>	<u>99.9%</u>
NHS Payables				
Total NHS trade invoices paid in the year	1,888	283,963	1,927	288,373
Total NHS trade invoices paid within target	<u>1,878</u>	<u>283,903</u>	<u>1,922</u>	<u>288,362</u>
Percentage of NHS trade invoices paid within target	<u>99.5%</u>	<u>99.9%</u>	<u>99.7%</u>	<u>100.0%</u>

The Better Payment Practice Code requires the Strategic Health Authority to aim to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later. The Authority has striven to improve their speed of payment to mitigate the effects of the recession on suppliers.

The South West Strategic Health Authority has signed up to the Prompt Payment Code that is a payment initiative developed by the Government with the Institute of Credit Management.

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

Account of South West Strategic Health Authority 2012/13

9. Property, plant and equipment

	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000
2012/13				
Cost or valuation:				
At 1 April 2012	63	775	62	900
Additions - Purchased	0	0	0	0
At 31 March 2013	63	775	62	900
Depreciation				
At 1 April 2012	52	775	45	872
Charged in year	11	0	14	25
At 31 March 2013	63	775	59	897
Net book value at 31 March 2013	0	0	3	3
Asset financing:				
Owned	0	0	3	3
Held on finance lease	0	0	0	0
Total	0	0	3	3
2011/12				
Cost or valuation:				
At 1 April 2011	63	775	62	900
Additions - purchased	0	0	0	0
At 31 March 2012	63	775	62	900
Depreciation				
At 1 April 2011	39	775	33	847
Charged in year	13	0	12	25
At 31 March 2012	52	775	45	872
Net book value at 31 March 2012	11	0	17	28

All assets are owned and no assets are held on finance leases.

There have been no restatements in respect of prior period or merger adjustments.

Account of South West Strategic Health Authority 2012/13

10. Intangible non-current assets

	2012/13 £000	2011/12 £000
Cost or valuation:		
At 1 April	97	97
Additions - purchased	0	0
Disposals other than by sale	0	0
At 31 March	<u>97</u>	<u>97</u>
Amortisation		
At 1 April	97	97
Disposals other than by sale	0	0
Charged in year	0	0
At 31 March	<u>97</u>	<u>97</u>
Net book value at 31 March	<u>0</u>	<u>0</u>

All intangible assets were purchased software.

There have been no restatements in respect of prior period or merger adjustments.

11. Intra-Government and other balances

	Current receivables £000s	Current payables £000s
Balances with other Central Government Bodies	948	1,641
Balances with Local Authorities	0	365
Balances with NHS bodies outside the Departmental Group	0	0
Balances with NHS Trusts and Foundation Trusts	422	761
Balances with Public Corporations and Trading Funds	0	0
Balances with bodies external to government	764	5,243
At 31 March 2013	<u>2,134</u>	<u>8,010</u>
Balances with other Central Government Bodies	1,085	1,067
Balances with Local Authorities	0	0
Balances with NHS bodies outside the Departmental Group	0	0
Balances with NHS Trusts and Foundation Trusts	388	500
Balances with Public Corporations and Trading Funds	0	0
Balances with bodies external to government	994	2,203
At 31 March 2012	<u>2,467</u>	<u>3,770</u>

Account of South West Strategic Health Authority 2012/13

12. Trade and other receivables

12.1 Trade and other receivables

	Current	
	31 March 2013	31 March 2012
	£000	£000
NHS receivables - revenue	874	1,049
NHS receivables - capital	0	0
NHS prepayments and accrued income	0	0
Non-NHS receivables - revenue	227	155
Non-NHS receivables - capital	0	0
Non-NHS prepayments and accrued income	537	839
Provision for the impairment of receivables	0	0
VAT	496	424
Interest receivables	0	0
Finance lease receivables	0	0
Operating lease receivables	0	0
Other receivables	0	0
Total	2,134	2,467
Total current and non current	2,134	2,467

12.2 Receivables past their due date but not impaired

	31 March 2013	31 March 2012
	£0	£000
By up to three months	289	233
By three to six months	26	0
By more than six months	0	0
Total	315	233

13. Cash and Cash Equivalents

	31 March 2013	31 March 2012
	£000	£000
Opening balance	4	3
Net change in year	157	1
Closing balance	161	4
Made up of		
Cash with Government Banking Service	159	2
Commercial banks	2	2
Cash in hand	0	0
Current investments	0	0
Cash and cash equivalents as in statement of financial positio	161	4
Bank overdraft - Government Banking Service	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in statement of cash flows	161	4

Account of South West Strategic Health Authority 2012/13

14. Non-current assets held for sale

	Land £000	Buildings £000
Balance as at 1 April 2012	0	0
Plus assets classified as held for sale in the year	0	0
Balance at 31 March 2013	0	0
Balance as at 1 April 2011	0	0
Balance at 31 March 2012	0	0

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

	£000
At 31 March 2013	0
At 31 March 2012	0

15. Trade and other payables

	Current	
	31 March 2013 £000	31 March 2012 £000
NHS payables - revenue	1,818	1,450
Non-NHS payables - revenue	3,268	559
Non-NHS accruals and deferred income	1,242	1,760
Social security costs	25	0
Tax	530	1
Other	1,127	0
Total trade and other payables	8,010	3,770

Other payables includes £968k (2011/12: £0) in relation to a supplementary March payroll including employee termination benefits and £29k in respect of outstanding pensions contributions at 31 March 2013 (2011/12: £0)

16. Provisions

	2012/13 Total (Admin) £000	Legal Claims £000	Redundancy £000	2011/12 Total £000
Balance at 1 April	129	129	0	329
Arising during the year	867	671	196	381
Utilised during the year	(182)	(182)	0	(522)
Reversed unused	(89)	(89)	0	(50)
Unwinding of discount	0	0	0	0
Change in discount rate	0	0	0	0
Balance as at 31 March	725	529	196	129

Expected Timing of Cash Flows:

No later than one year	725	529	196	129
Later than one year and not later than five years	0	0	0	0
Later than five years	0	0	0	0

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

As at 31 March 2013	£89,979,467
As at 31 March 2012	£90,595,421

Legal claims principally comprise of asbestosis related injury claims that fall to the responsibility of the South West Strategic Health Authority as the successor organisation following restructuring in the NHS.

Account of South West Strategic Health Authority 2012/13

17. Deferred Income

	Current	
	31 March 2013	31 March 2012
	£000	£000
Opening balance at 1 April 2012	0	0
Deferred income addition	0	0
Transfer of deferred income	0	0
Deferred Income at 31 March 2013	<u>0</u>	<u>0</u>

18. Contingencies

	2012/13	2011/12
	£000	£000
Contingent liabilities		
Equal pay	0	0
Other	0	241
Amounts recoverable against contingent liabilities	0	0
Net Value of Contingent Liabilities	<u>0</u>	<u>241</u>
Contingent Assets		
Contingent assets	0	0
Net Value of Contingent Liabilities	<u>0</u>	<u>241</u>

The contingent liabilities included in 2011/12 related to two potential asbestos related injuries. One claim has subsequently been agreed and is now included in provisions. The Strategic Health Authority has now been able to fully review the other claim in detail and is of a firm opinion that no potential liability will occur.

19. Financial Instruments

19.1 Financial Assets

	Loans and Receivables	Loans and Receivables
	2012/13	2011/12
	£000	£000
Embedded derivatives	0	0
Receivables - NHS	874	1,049
Receivables - non-NHS	227	155
Cash at bank and in hand	161	4
Other financial assets	0	0
Total at 31 March	<u>1,262</u>	<u>1,208</u>

19.2 Financial Liabilities

	Other	Other
	2012/13	2011/12
	£000	£000
Embedded derivatives	0	0
NHS payables	1,818	1,450
Non-NHS payables	4,364	559
Other borrowings	0	0
PFI & finance lease obligations	0	0
Other financial liabilities	0	0
Total at 31 March	<u>6,182</u>	<u>2,009</u>

Account of South West Strategic Health Authority 2012/13

20. Related party transactions

The South West Strategic Health Authority is a body corporate established by order of the Secretary of State for Health.

The Department of Health is regarded as a related party. During the year the South West Strategic Health Authority had a significant number of material transactions with the Department and with other entities for which the Department is regarded as the parent Department.

	Income £000	Expenditure £000
University Hospitals of Bristol NHS Foundation Trust	-	38,807
NHS Business Services Authority	-	35,770
North Bristol NHS Trust	-	21,918
Plymouth Hospitals NHS Trust	-	19,775
Royal Devon and Exeter NHS Foundation Trust	5	14,026
Royal Cornwall Hospitals NHS Trust	-	12,274
Gloucestershire Hospitals NHS Foundation Trust	19	11,192
Taunton and Somerset NHS Foundation Trust	-	11,100
Royal United Hospital Bath NHS Trust	-	8,814
Devon PCT	46	8,632
South Devon Healthcare NHS Foundation Trust	-	6,771
Plymouth PCT	10	6,409
Great Western Hospitals NHS Foundation Trust	6	6,397
Poole Hospital NHS Foundation Trust	-	5,279
Dorset PCT	14	5,271
Royal Bournemouth and Christchurch NHS Foundation Trust	-	4,712
Salisbury NHS Foundation Trust	-	4,503
Somerset PCT	58	4,286
Cornwall and Isles of Scilly PCT	9	4,154
Dorset County Hospital NHS Foundation Trust	-	3,964
Gloucestershire PCT	9	3,874
Avon and Wiltshire Mental Health Partnership NHS Trust	2	3,829
Northern Devon Healthcare NHS Trust	10	3,475
Yeovil District Hospital NHS Foundation Trust	-	3,209
Weston Area Health NHS Trust	-	3,138
Wiltshire PCT	45	3,085
South Central Strategic Health Authority	54	2,538
Bristol PCT	23	2,288
Devon Partnership NHS Trust	-	1,991
Dorset Health Care NHS Foundation Trust	-	1,604
Somerset Partnership NHS Foundation Trust	-	1,501
Cornwall Partnership NHS Foundation Trust	-	1,445
2Gether NHS Foundation Trust	-	1,322
Swindon PCT	9	966
Norfolk and Norwich University Hospitals NHS Foundation Trust	-	797
Leeds Teaching Hospitals NHS Trust	-	700
North Somerset PCT	16	564
University Hospital Southampton NHS Foundation Trust	3	513
South Gloucestershire PCT	12	475
Torbay and Southern Devon Health and Care NHS Trust	-	467
Royal Nat Hosp Rheumatic Diseases NHS Foundation Trust	-	290
Oxford Health NHS Foundation Trust	-	273
Health Protection Agency	1	245
Oxford University Hospitals NHS Trust	-	200
South East Coast Strategic Health Authority	48	198
Guy's and St Thomas' NHS Foundation Trust	11	195
Sheffield Teaching Hospitals NHS Foundation Trust	-	181
National Institute for Health and Clinical Excellence	-	174
Torbay PCT	6	159
Bournemouth and Poole Teaching PCT	12	155
University Hospital of South Manchester NHS Foundation Trust	-	154
Department of Health	2,939	134
North East Strategic Health Authority	1	133
South West Ambulance Service NHS Foundation Trust	-	133
Bath and North East Somerset PCT	16	132
NHS Blood and Transplant	-	126

Account of South West Strategic Health Authority 2012/13

20. Related party transactions (continued)

	Income £000	Expenditure £000
East Kent Hospitals University NHS Foundation Trust	-	109
Imperial College Healthcare NHS Trust	-	108
Kings College Hospital NHS Foundation Trust	-	103
The Royal Marsden Hospital NHS Foundation Trust	-	103
University Hospital Birmingham NHS Foundation Trust	51	103
West Midlands Strategic Health Authority	1	99
Hampshire Hospitals NHS Foundation Trust	-	89
South West Yorkshire Partnership NHS Foundation Trust	-	87
United Lincolnshire Hospitals NHS Trust	-	85
North West Strategic Health Authority	2	83
Cambridge Univ Hosp NHS Foundation Trust	-	74
Great Yarmouth and Waveney PCT	-	73
Cambridgeshire PCT	-	65
Calderdale and Huddersfield NHS Foundation Trust	-	61
Heart Of England NHS Foundation Trust	-	61
Berkshire West PCT	-	59
South Tees Hospitals NHS Foundation Trust	-	58
Great Western Ambulance Service NHS Trust	-	53
Wrightington, Wigan and Leigh NHS Foundation Trust	-	52
Central Manchester University Hospitals NHS Foundation Trust	-	51
Mid Essex Hospital Services NHS Trust	-	51
Queen Victoria Hospital NHS Foundation Trust	-	51
North West London Hospitals NHS Trust	-	45
Leeds PCT	-	36
West London Mental Health NHS Trust	-	36
London Strategic Health Authority	-	35
Newcastle Upon Tyne Hospitals NHS Foundation Trust	-	33
Nottingham University Hospitals NHS Trust	-	33
Berkshire Healthcare NHS Foundation Trust	-	23
Aintree University Hospital NHS Foundation Trust	-	22
East Midlands Strategic Health Authority	322	20
Surrey and Borders Partnership NHS Foundation Trust	-	20
University Hospitals of Leicester NHS Trust	-	19
Medway NHS Foundation Trust	-	18
NHS Direct NHS Trust	-	18
Portsmouth Hospitals NHS Trust	-	17
Hastings and Rother PCT	-	15
Royal Berkshire NHS Foundation Trust	-	15
Tavistock and Portman NHS Foundation Trust	-	13
East of England Strategic Health Authority	1	11
Harrogate and District NHS Foundation Trust	-	10
South East Coast Ambulance Service NHS Foundation Trust	-	10
University Hospital of North Staffordshire Hospital NHS Trust	-	9
Royal Free London NHS Foundation Trust	-	8
Health and Social Care Information Centre	-	7
Brighton and Sussex University Hospitals NHS Trust	6	6
Kent and Medway NHS and Social Care Partnership NHS Trust	-	5
Sussex Partnership NHS Foundation Trust	-	5
Salford PCT	-	4
NHS Institute of Innovation and Improvement	-	3
Royal Surrey County NHS Foundation Trust	-	3
Wirral PCT	-	2
South Warwickshire NHS Foundation Trust	-	2
Hertfordshire Partnership NHS Foundation Trust	-	1
NHS Litigation Authority	-	1
The Derbyshire Community Health Services NHS Trust	-	1
Western Sussex Hospitals NHS Trust	-	1
Kingston Hospital NHS Trust	34	-
NHS Commissioning Board	348	-
Hampshire PCT	27	-
Pennine Acute Hospitals NHS Trust	-	-
The Whittington Hospital NHS Trust	2	-
Yorkshire and the Humber Strategic Health Authority	1	-

Account of South West Strategic Health Authority 2012/13

20. Related party transactions (continued)

The Strategic Health Authority had income to the value of £30,000 from Bioquell PLC relating to the Chief Executive who is a Non-Executive Director of that organisation; the income is entered into a specific fund for staff development.

The Strategic Health Authority had expenditure of £25,933,368 and income of £959 with University of the West of England. The Chancellor of University of the West of England is Sir Ian Carruthers, the Chief Executive of the NHS South of England. The Vice Chancellor of University of the West of England is Professor Steven West, a Non-Executive Member of the NHS South of England Board.

The Strategic Health Authority had expenditure of £194,688 and income of £11,069 with Guy's and St Thomas' Hospital NHS Foundation Trust. The Director of Public Health of the NHS South of England Board is a non-paid member of the Trustees' Major Grant Committee.

In addition, the Strategic Health Authority 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: Cornwall County Council, Plymouth City Council, Somerset County Council, Taunton Deane Borough Council, South Gloucestershire Council and Swindon Borough Council.

21. Losses and Special Payments

The total number of losses in 2012/13 and 2011/12 and their total values were as follows:

	2012/13	2011/12
Total value of cases (£)	£ 11,276	£ 19,500
Total number of cases	5	4

22. Events after the reporting period

The main functions carried out by the South West Strategic Health Authority in 2012/13 are to be carried out in 2013/14 by the following, existing or new, public sector bodies:

- Health and Social Care Information Centre
- NHS Business Services Authority
- NHS Education England
- NHS England
- NHS Property Services Limited
- NHS Trust Development Authority
- Public Health England

All assets and liabilities at 31 March 2013 will transfer to these bodies based on the staff or business function that has accordingly transferred to it.

INDEPENDENT AUDITOR'S REPORT TO THE DEPARTMENT OF HEALTH'S ACCOUNTING OFFICER IN RESPECT OF SOUTH WEST STRATEGIC HEALTH AUTHORITY

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

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

- the table of salaries and allowances of senior managers [and related narrative notes] on pages 23 and 24;
- the table of pension benefits of senior managers [and related narrative notes] on page 26; and
- the table of pay multiples [and related narrative notes] on page 24.

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

Respective responsibilities of the signing officer and auditor

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

Scope of the audit of the financial statements

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

any apparent material misstatements or inconsistencies we consider the implications for our report.

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

Opinion on regularity

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters

In our opinion:

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

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

Other matters on which we are required to conclude

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

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

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

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 South West Strategic Health Authority in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.



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

Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT

5 June 2013

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

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

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

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

nb: sign and date in any colour ink except black

Signed.....

Date.....3.6.2013

Annual Governance Statement – South West Strategic Health Authority

South West Strategic Health Authority Q39

Governance Statement

Scope of responsibility

The Accountable Officer Memorandum issued to me for the role of Chief Executive of NHS South of England includes the following responsibilities:

- ensuring that NHS South of England carries out the four key functions of Strategic Health Authorities, as set out in the Accountable Officer Memorandum, in a way which ensures the proper stewardship of public money and assets
- ensuring the propriety and regularity of public finances in the NHS, keeping proper accounts, delivering prudent and economical administration, avoiding waste and extravagance, and ensuring the efficient and effective use of all resources in my charge
- ensuring that NHS South of England has effective management systems in place, which safeguard public funds and assist the Chairman to implement the requirements of corporate governance
- maintaining a sound system of internal control which supports the achievement of policies, aims and objectives, whilst safeguarding public funds.

The NHS South of England strategic priorities for 2012/13 are to:

- improve the quality of care through improved outcomes, patient safety and patient experience
- ensure services are delivered within the resources available so that taxpayer value is delivered
- ensure the reformed NHS is established and its benefits achieved
- ensure strategic issues are addressed in the reformed NHS
- manage the human consequence of the reform programme and support staff through the transition

I have been visible and active in leading NHS South of England maintaining a strong focus on these national and local priorities for South West Strategic Health Authority.

The governance framework of the organisation

NHS South of England's governance framework has included the following elements:

- a Board that serves as the Board for the statutory bodies of South Central Strategic Health Authority, South East Coast Strategic Health Authority and South West Strategic Health Authority. The NHS South of England Board:
 - sets the strategic direction for, and provides leadership to, the three Strategic Health Authorities and their respective local NHS

- has a clear remit and terms of reference, and a forward business programme demonstrating how it intends to deliver its priorities ahead of the abolition of Strategic Health Authorities at 31 March 2013
 - has undertaken a programme of Board development to support its functioning and effectiveness
 - reviews the performance of the three Strategic Health Authorities in achieving nationally and locally set objectives, particularly in relation to safety, quality and finance
 - provides leadership for the reform and transformation of the NHS and wider healthcare systems, including leading the implementation of the new commissioning landscape, ensuring the development of strong and resilient providers, and overseeing the transition of public health to local authorities
 - is fully compliant with the Corporate Governance Code
 - a Board that assesses that it is performing effectively through improved system performance and the delivery of the transition and reform agenda
- three main sub-committees to the NHS South of England Board, all appropriately constituted and meeting regularly:
 - the Audit Committee - this committee considers the integrated governance, risk management and internal control arrangements in place within NHS South of England and hears representations from internal audit, external audit, local counter fraud and security management around the robustness of these arrangements.
 - the Patient Safety and Care Standards Committee – this committee provides assurance to the Board that high quality and safe services are being delivered across NHS South of England. It also seeks assurance on the performance of NHS organisations in terms of the Care Quality Commission, Monitor, Department of Health and other regulatory bodies
 - the Remuneration Committee – this committee has delegated authority on behalf of the Board to make decisions on all aspects of the performance, remuneration and terms of service of the Chief Executive, Directors and other members of staff on the NHS Very Senior Management (VSM) framework.
 - Audit Committee and Patient Safety and Care Standards Committee minutes are provided to the Public Board meetings and the Chair of each committee updates the Board on key issues.

- a comprehensive Corporate Governance Framework, reviewed and approved by the NHS South of England Board on 3 October 2011, covering:
 - Accountable Officer Memorandum
 - Terms of reference for the Board and its three committees
 - Standing orders
 - Scheme of reservation and delegation
 - Standing financial instructions
 - Codes of conduct and accountability for NHS Boards, and code of practice on openness in the NHS, and the Seven Nolan Principles of Public Life (all formally and explicitly adopted by the Board)

- a robust and embedded approach to risk management, which is described in greater detail in the risk assessment section of this statement.

The majority of Board meetings have had full attendance and where apologies have been given this has not impacted on the Board functioning effectively.

There have been a number of areas of work associated with handover and closedown of the three Strategic Health Authorities. A common approach has been adopted across the NHS in England for the key elements of the Strategic Health Authority transfer which are most critical to safe transition and service continuity. This includes maintaining and improving quality during the transition and preparing for handover of quality and operations including the legal process for transfer of staff, estate, assets and liabilities. The key deliverables from these areas of work include the quality handover document, operational handover document and the transfer schemes.

Risk has formed part of the handover discussions between NHS South of England and new receiver organisations

Arrangements are in place for the financial closedown of the Strategic Health Authorities in line with the letter 'Accountable Officer and Director of Finance roles for the financial closedown of PCTs'- Gateway Reference: 18561. NHS South of England arrangements for closedown and production of annual accounts for 2012/13 were reviewed by the NHS South of England Audit Committee at its meeting in December 2012.

The recommendations of the Harris Report require all receiving organisations to have clear ownership and acknowledged responsibility for the legacy statutory functions transferring to them. Where applicable staff, property and all other assets and liabilities associated with a function have been transferred to the appropriate receiving organisation via the transfer scheme with a comprehensive knowledge and operational handover. Some statutory functions of Strategic Health Authorities are

superseded by the Health and Social Care Act 2012 itself or have been resolved through consequential amendments to legislation.

Risk assessment

Risk across the three Strategic Health Authorities is managed through the following process:

- the NHS South of England Chief Executive is required, as detailed in the Accountable Officer Memorandum, to ensure that effective risk management systems in place
- the Chief Executive has nominated a Lead Director, the Director of Corporate Affairs, to take day-to-day responsibility for risk management. This is delivered through the corporate governance team, comprising a number of experienced risk management professionals
- the NHS South of England Board, with overall responsibility for governance, considers the risks faced every other month (in public, for accountability). In addition, as further demonstration of the embedment of risk management, all Board meeting papers clearly summarise the key risks associated with the subject of the paper
- the NHS South of England Senior Management Team has established a risk management sub-committee, whose role is to co-ordinate the identification and reporting of the biggest strategic risks associated with the delivery of NHS South of England strategic priorities. The Senior Management Team considers these risks on a bi-monthly basis. The membership of the committee includes a lead nominated by each member of the Senior Management Team.

Officers involved in leading NHS South of England risk management processes are suitably qualified and experienced governance and risk management professionals. Nominated risk leads across NHS South of England are also suitably experienced, and training is provided to individuals, if necessary, by the corporate governance team to enhance existing risk management awareness and skills.

Nominated risk leads are well placed to bring information on the risks in their area to the discussions of the committee and this, combined with the extensive scrutiny by Senior Management Team, ensures a balanced top-down bottom-up approach to risk management.

The corporate level documents of the corporate risk register and Board assurance framework were reported for a final time to the Senior Management Team (24 December 2012: corporate risk register) and the public Board (28 January 2013: Board assurance framework). Risk has formed part of the handover discussions

between NHS South of England and new receiver organisations

The risk and control framework

A range of mechanisms are in place to manage risks that may arise, including:

- potential fraud risks – each of the statutory bodies in NHS South of England has robust arrangements in place for the prevention of fraud. These include provision of local counter fraud specialist advice and an annual counter fraud work programme
- general business risks - these are managed as part of the risk arrangements described above through the corporate risk register and Board Assurance Framework. The Senior Management Team reviews the corporate risk register on a regular basis, and the Board reviews the Board assurance framework at every other public Board meeting (every other month). Each Director is required to have mitigation plans in place to adequately manage the risks assigned to them.

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 and the underpinning risk management processes. My review is informed in a number of ways:

- the Head of Internal Audit for each Strategic Health Authority provides me with an opinion on the overall arrangements for gaining assurance through the Board assurance framework and on the controls reviewed as part of Internal Audit's work.
- Executive Directors and Senior 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 NHS South of England achieving its strategic priorities have been reviewed.

My review is also informed by a number of bodies and processes that during the 2012/13 year have included:

- Reports from the external auditors Ernst & Young and Grant Thornton and the three sets of internal auditors Deloitte, RSM Tenon and South Coast Audit who have worked collaboratively across NHS South of England where possible and appropriate.
- Updates on the corporate risk register and Board assurance framework
- Reports and papers presented to the Senior Management Team
- Reports and minutes from the Audit and Patient Safety and Care Standards Committee meetings (I attend at least one meeting of each committee each

year)

- Reports from the local counter fraud and security management specialists

The internal auditors, RSM Tenon have issued the following Head of Internal Audit opinion for South West Strategic Health Authority for 2012/13:

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

I am satisfied that there is generally a sound system of internal control in place that supports the achievement of policies, aims and objectives.

Significant Issues

There are no significant issues to report in respect of South West Strategic Health Authority.

Accountable Officer : Sir Ian Carruthers OBE

Organisation: South West Strategic Health Authority

Signature



Date

28/3/2013

3/6/2013



Department
of Health

Appendix 1

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

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

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

- had in place effective management systems to safeguard public funds and assets and assist in the implementation of corporate governance;
- kept proper accounting records which disclosed with reasonable accuracy at any time the financial position of the SHA;
- took reasonable steps for the prevention and detection of fraud and other irregularities;
- achieved value for money from the resources available to the SHA;
- applied income and expenditure to the purposes intended by Parliament and conformed to the authorities which governed them [**Note – If the regularity opinion is expected to be qualified because of a breach of a resource limit, insert at this point: "except for capital/revenue expenditure in excess of resource limits which was not intended by Parliament and did not conform to the authorities which govern them"**]; and
- had effective and sound financial management systems in place.

I also confirm that in my role overseeing the preparation of the annual statutory accounts, the accounts were prepared in the format directed by the Secretary of State with the approval of the Treasury to give a true and fair view of the state of affairs as at the end of the financial year and the net operating cost, recognised gains and losses and cash flows for the year. As required the accounts;

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

Name:

ROBERT ALEXANDER

Signed:

Date:

3/6/2013



Department
of Health

RESTRICTED - MANAGEMENT

Appendix 2

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

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

To assist you in that process, I can confirm that in my role managing the preparation of the annual statutory accounts, the accounts were prepared in the format directed by the Secretary of State with the approval of the Treasury to give a true and fair view of the state of affairs as at the end of the financial year and the net operating cost, recognised gains and losses and cash flows for the year. As required the accounts;

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

Name: *ROBERT ALEXANDER*

Signed: *R Alexander*

Date: *3/6/2013*