Department of Health

Heywood, Middleton and Rochdale Primary Care Trust

2012-13 Annual Report and Accounts

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Heywood, Middleton and Rochdale Primary Care Trust

2012-13 Annual Report

Heywood, Middleton and Rochdale Primary Care Trust

Annual Report and Accounts

2012/2013

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Chapter 1 ~ Message from Chairman and Chief Executive

Welcome to our Annual Report for 2012/13

This will be the final annual report for Primary Care Trusts, as the Health and Social Care Bill was implemented on 1 April 2013. For the ten Primary Care Trusts this was the concluding year for organisations that were established in 2001 and which have worked individually and collaboratively to improve the health of the population of Greater Manchester.

Over the last year NHS Greater Manchester has supported the individual Primary Care Trusts to close, as well as the successor organisations to prepare to assume their new responsibilities. This has been in addition to maintaining and improving healthcare in a year that saw the publication of the Francis Report with a fundamental challenge to the NHS on service quality and safety.

NHS Greater Manchester was formed in May 2011 when the ten Primary Care Trusts (PCTs) were 'clustered'. This enabled the establishment of a single Board of Directors for all ten PCTs.

This final transitional year has inevitably been challenging, in maintaining services, whilst preparing the new system to establish. However, we can confirm that PCT statutory duties have been fulfilled over the final year of 2012/13.

Our PCTs have been focused on maintaining commissioning activities and ensuring readiness for the shadow Clinical Commissioning Groups to achieve authorisation. All such new organisations have been focused on reaching full staffing complements and general preparedness for going live on 1 April 2013. This has meant that all staff affected by the changes have had to endure the uncertainty of where and if they will have a post in the new configuration of services. In this context we particularly want to acknowledge everything that PCT staff have achieved over the life of the PCT and most especially over the last year.

Further into this report you will read about the local achievements made by our locality PCTs in 2012/13, which have individually and collectively ensured that safe, efficient and effective systems have been maintained.

The new system of commissioning healthcare services will build on the work of Primary Care Trusts and will focus on ensuring safe and effective services are provided to our population. The legacy of the old system has provided a good foundation on which to build.

Chapter 2 ~ Details of the Directors

The NHS Greater Manchester Board

The 10 PCTs in Greater Manchester formed the Greater Manchester Cluster on 3 May 2011, with a single Board of Directors becoming the embodiment of the Board of each of the 10 PCTs. For 2012/13 the members of the Board of Directors of Heywood, Middleton & Rochdale PCT were:

Prof Eileen Fairhurst	Chairman
Dr. Mike Burrows	Chief Executive
Dr Raj Patel	Medical Director
Mr Terry Atherton	Non-Executive Director (Vice-Chairman)
Mr Michael Greenwood	Non-Executive Director (Vice-Chairman)
Mr Riaz Ahmad*	Non-Executive Director (Audit Committee Chairman)
Ms Evelyn Asante-Mensah*	Non-Executive Director
Dr Kailash Chand+	Associate Non-Executive Director
Mr David Edwards	Non-Executive Director
Mr Paul Horrocks*	Non-Executive Director
Mr Alan Stephenson*	Non-Executive Director
Dr Julie Higgins	Director of Commissioning & Development (from 1.4.12 to 31.8.12)
Ms Andrea Anderson+	Director of HR & OD (on maternity leave during 2012/13)
Mr Kevin Moynes+	Director of HR & OD
Mr Rob Bellingham+	Board Secretary
Mrs Hilary Garratt	Director of Nursing, Quality & Performance (from 1.4.12 to 30.6.12)
Mrs Anita Rolfe	Director of Nursing, Quality & Performance (from 1.7.12 to 31.10.12)
Mrs Trish Bennett	Director of Nursing, Quality & Performance (from 1.10.12 onwards)
Mr Warren Heppolette+	Director of Policy & External Relations

Ms Mel Sirotkin	Director of Public Health
Ms Leila Williams+	Director of Service Transformation
Mrs Claire Yarwood	Director of Finance

'*' Denotes member of the Audit Committee

'+' non voting member

Chapter 3 ~ Our Readiness for Organisational Change

Heywood, Middleton and Rochdale PCT (HMR) operated with three Practice Based Commissioning (PBC) Groups, one in each locality, namely Heywood and Middleton, GP Care (Rochdale East) and Rochdale West and consisted of 39 GP Practices.

The development of NHS Heywood, Middleton & Rochdale Clinical Commissioning Group (CCG) saw the joining of these PBC clusters to form a single, shadow CCG. This was supported in late 2011 by a 92% majority vote from the 39 local practices that recognised the need to achieve a critical mass and to work together on an increasing number of common issues of each of the three locality populations. In supporting this, each locality was clear on its desire to retain a strong locality focus and identity and, at the request of the member practices, this is reflected in the structure of the CCG Governing Body where each locality is clearly resourced and represented.

The transition from three groups to one CCG presents some cultural challenges. The CCG will need to shift hearts and minds into the new ways of working whilst ensuring that the best practice from the old system is carried forward for the benefit of the new.

One of the biggest tasks for us during the year was to navigate our way through the CCG authorisation process. In order for us to be handed full statutory responsibilities, we needed to go through a rigorous scrutiny process to assure the NHS Commissioning Board (NHS England) that we were fit for purpose and ready for this organisational change. This five month long assessment checked our ability to plan and commission (buy) hospital, community health and mental health services on behalf of local people. Experts checked and scrutinised 119 sets of criteria, reviewed policies, carried out site visits, interviewed key stakeholders and assessed both our leadership capability and financial stability, in line with the recent NHS reforms.

In becoming one CCG, HMR has also ensured co-terminosity with its Local Authority. In turn, this has and will continue to enable NHS HMR CCG to jointly develop greater integration of care pathways and commissioning arrangements for vulnerable adults and children. In addition, co-terminosity has allowed NHS HMR CCG to continue to develop its already strong relationships with the developing Health and Well Being Board, in collaboration with Rochdale Council, and GPs have been involved since its inception.

From April 2012, Heywood, Middleton and Rochdale Clinical Commissioning Group (HMR CCG) became the new shadow organisation responsible for deciding how taxpayers’ money was spent on health care for Rochdale borough residents. The new shadow, then from April

2013 statutory, organisation took over many of the responsibilities of NHS Heywood, Middleton and Rochdale Primary Care Trust (known as NHS HMR), which closed down in March 2013 like all PCTs across the country.

NHS HMR CCG will take over the responsibility for looking at what and how much to spend on healthcare services such as community services, mental health, hospital operations and prescribing of drugs. NHS Greater Manchester supported the transition of the local NHS, from PCT to CCG during 2012/13.

NHS HMR CCG Vision for 2012/13 and beyond

“To improve and protect the health of Rochdale borough residents by using resources fairly, openly, innovatively and co-operatively”.

For 2012/13 the strategic intentions of Heywood, Middleton & Rochdale PCT and the shadow CCG were to:

1. Improve health and wellbeing especially the health of the poorest, fastest
2. Commission a transformational health system focusing on prevention and restorative health that responds to the changing demographics of the borough which is safe and high quality
3. Improve quality and access into primary care services for all sections of the community
4. Be a high performing Clinical Commissioning organisation and deliver the best outcomes against return on investment

Dr Chris Duffy **Clinical Chair**	**Mrs Lesley Mort** **Chief Officer**

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Chapter 4 ~ Our Performance

During 2012/13 performance against all key targets in Heywood, Middleton & Rochdale significantly improved compared to previous years.

The table below summarises the key performance indicators within the Operating Framework against target.

Operating Framework Executive Summary as at 03/05/2013

NHS North of England Dashboard Indicators

	18 week RTT waiting times - % Admitted <	Cancer 62 days wait - GP or dentist	C. Difficile infections	A&E waiting times (monthly YTD)	Ambulances - Category A calls 8 mins	NHS Health Checks eligible offered
Latest	Feb 13	Feb 13	Mar 13	Jan 13	Jan 13	Dec 12
Target	90.0%	85.0%	71	95.0%	75.0%	15.0%
Actual	92.2%	96.4%	66	96.2%	75.7%	18.3%
Status	▼	▲	▲	▲	▲	▲

During 2012/13 the local NHS was consistently achieving between 92% and 93% performance in ensuring that patients are treated within the 18 week target between referral and treatment. This performance was against a 90% target.

Cancer
All key cancer targets have consistently been met during 2012/13 to ensure that local patients with potential cancers are seen and treated within the necessary timeframes.

MRSA and C Diff
During 2012/13 there were three cases of MRSA in the Borough. There were 66 cases of C Diff against a threshold of no more than 74 – this means that MRSA and C Diff levels were within expected levels..

A&E Waiting Times
The hospitals serving HMR patients consistently met the maximum four hour waiting target in local A&Es.

Diagnostic Waiting Times
The local NHS consistently delivered against the targets relating to diagnostic test waits, with no more than 1% of patients waiting for longer than 6 weeks for key diagnostic tests.

Category A Ambulance
Performance against the 8 minute emergency response ambulance target has been good throughout 2012/13 with consistent achievement against the 75% target. Performance against the 19 minute target was just below the 75% threshold at 74.5%.

NHS Health Checks
Performance against the health checks target has been good with health checks offered consistently above the planned level locally.

Staff Sickness

	2012-13 Number	2011-12 Number
Total Days Lost	1,336	7,244
Total Staff Years	168	785
Average working Days Lost	7.95	9.23

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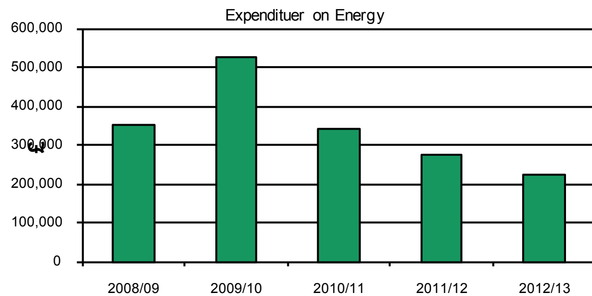
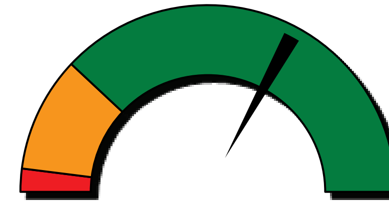
Chapter 5 ~ Sustainability Report

The NHS aims to reduce its carbon footprint by 10% between 2009 and 2015. Reducing the amount of energy used in our organisation contributes to this goal. There is also a financial benefit which comes from reducing our energy bill. By reducing our energy costs by 20% in 2012/13, we have saved £55,657, the equivalent of 10 hip operations.



We have put plans in place to reduce carbon emissions and improve our environmental sustainability. Over the next 10 years we expect to save £30,000 as a result of these measures.



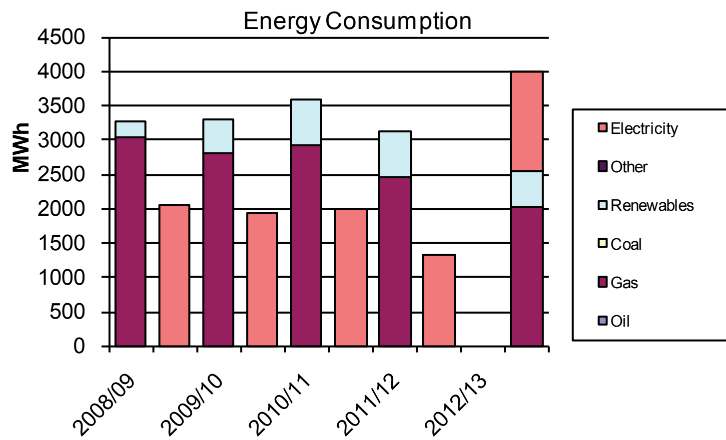
Percentage of Waste Recycled

We recover or recycle 98 tonnes of waste, which is 64% of the total waste we produce.

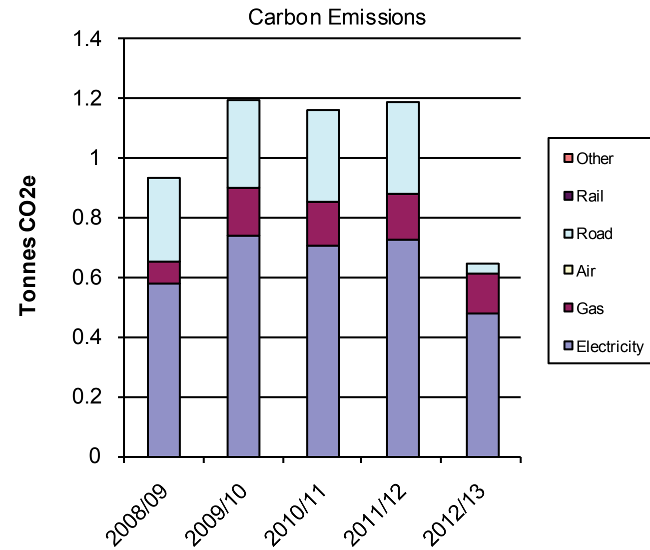
Our total energy consumption has fallen during the year, from 4,440 to 3,990 MWh.

Our relative energy consumption has changed during the year, from 0.19 to 0.17 MWh/square metre.

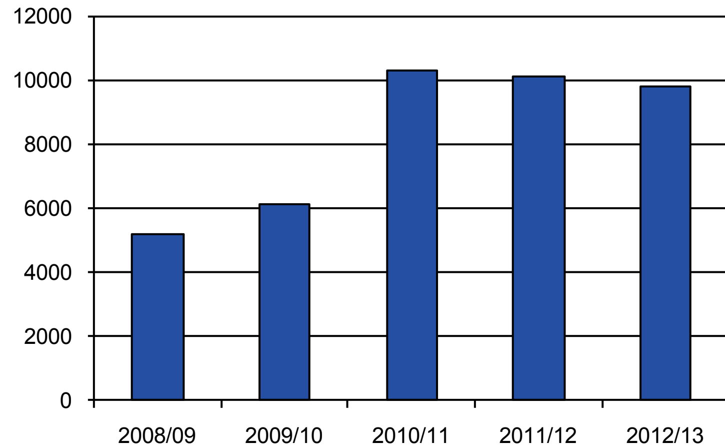
Renewable energy represents 0.0% of our total energy use. We do not generate any energy. We have made arrangements to purchase electricity generated from renewable sources.



Our measured greenhouse gas emissions have reduced by 0,001 tonnes this year.



Our water consumption has reduced by 288 cubic meters in the recent financial year.



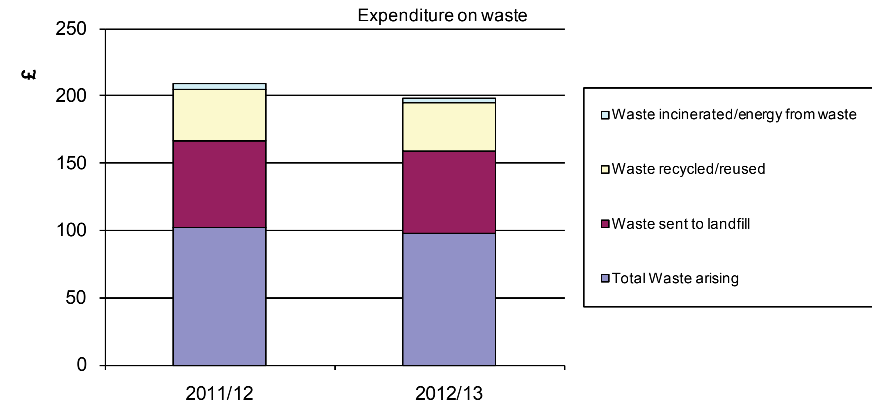
In 2012/13 we spent £66,870 on water.

During 2012/13 our gross expenditure on the CRC Energy Efficiency Scheme was £6,740.

The CRC Energy Efficiency Scheme is a mandatory scheme aimed at improving energy efficiency and cutting emissions in large public and private sector organisations.

During 2012/13 our total expenditure on business travel was £98,345.

Our expenditure on waste in the last two years was incurred as follows:



Our organisation has an up to date Sustainable Development Management Plan.

Having an up to date Sustainable Development Management plan is a good way to ensure that an NHS organisation fulfils its commitment to conducting all aspects of its activities with due consideration to sustainability, whilst providing high quality patient care. The NHS Carbon Reduction Strategy asks for the boards of all NHS organisations to approve such a plan.

We consider both the potential need to adapt the organisation's activities and buildings and estates as a result of climate change.

Adaptation to climate change will pose a challenge to both service delivery and infrastructure in the future. It is therefore appropriate

that we consider it when planning how we will best serve patients in the future.

Sustainability issues are not included in our analysis of risks facing our organisation.

NHS organisations have a statutory duty to assess the risks posed by climate change. Risk assessment, including the quantification and prioritisation of risk, is an important part of managing complex organisations.

In addition to our focus on carbon, we are also committed to reducing wider environmental and social impacts associated with the procurement of goods and services. This will be set out within our policies on sustainable procurement.

We plan to start work on calculating the carbon emissions associated goods and services we procure.

Ian Mello is the Board Level Lead for Sustainability.

A Board Level lead for Sustainability ensures that sustainability issues have visibility and ownership at the highest level of the organisation.

Sustainability issues, such as carbon reduction, are not currently included in the job descriptions of all staff.

Our staff energy awareness campaign is ongoing.
"A sustainable NHS can only be delivered through the efforts of all staff."

Staff awareness campaigns have been shown to deliver cost savings and associated reductions in carbon emissions.

Our organisation has a Sustainable Transport Plan.

The NHS places a substantial burden on the transport infrastructure, whether through patient, clinician or other business activity. This generates an impact on air quality and greenhouse gas emissions. It is therefore important that we consider what steps are appropriate to reduce or change travel patterns.

Chapter 6 ~ Financial Review

Financial duties

TARGET	PERFORMANCE	ACHIEVED?
Expenditure contained within capital resources limit of £990k	£6k under spend	Yes
Expenditure contained within revenue resource limit of £409,389k	£1,953k under spend	Yes
Achieve Control total of £1,950k under spend	£1,953k under spend	Yes
Remain within cash limit set by the department		Yes

Better Payment Practice Code

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

	2012/13 Number	2012/13 £'000	2011/12 Number	2011/12 £'000
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**15,295**	**125,877**	**14,841**	**42,130**
Total Non-NHS Trade Invoices Paid Within Target	**14,803**	**122,425**	**14,660**	**41,844**
Percentage of NHS Trade Invoices Paid Within Target	96.78%	97.26%	98.78%	99.32%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**3,290**	**268,393**	**2,992**	**288,851**
Total NHS Trade Invoices Paid Within Target	**3,029**	**267,733**	**2,915**	**296,912**
Percentage of NHS Trade Invoices Paid Within Target	92.07%	99.75%	97.43%	99.35%

Off Payroll Engagements

Table 1: For off-payroll engagements at a cost of over £58,200 per annum that were in place as of 31 January 2012

	Total
Number in place on 31 January 2012	0
Of which number that have since come onto the organisations payroll	0
Of which number that have since been re-negotiated/re-engaged to include to include contractual clauses allowing the (department) to seek assurance as to their tax obligations	0
Number that have not been successfully re-negotiated, and therefore continue without contractual clauses allowing the (department) to seek assurance as to their tax obligations	0
Number that have come to an end	0
Total	0

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

	Total
Number of new engagements	10
Of which number of new engagements which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	
Number of new engagements which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	
Of which number for whom assurance has been accepted and received	6
Of which number for whom assurance has been accepted and received	
Of which number for whom assurance has been accepted and not received	
Of which number that have been terminated as a result of assurance not being received	
Total	10

Chapter 7 ~ Remuneration Report

Name	Title	Employing PCT	Period in post	Total GM remuneration 2012-13 Salary bands of £5,000	Total GM remuneration 2012-13 Other Payments bands of £5,000	Total GM remuneration 2012-13 Bonus Payments bands of £5,000	Total GM remuneration 2012-13 Benefits in kind bands of £100	% entity share	PCT Share of GM remuneration 2012-13 Salary bands of £5,000	PCT Share of GM remuneration 2012-13 Other Payments bands of £5,000	PCT Share of GM remuneration 2012-13 Bonus Payments bands of £5,000	PCT Share of GM remuneration 2012-13 Benefits in kind bands of £100	2011-12 Salary bands of £5,000	2011-12 Other Payments bands of £5,000	2011-12 Bonus Payments bands of £5,000	2011-12 Benefits in kind bands of £100
Prof Eileen Fairhurst	Chairman	Salford	01/04/12-31/03/13	40-45	0	0	0	7.99%	0-5	-	-	-	35-40	-	-	-
Dr Mike Burrows	Chief Executive	Salford	01/04/12-31/03/13	150-155	0	0	0	7.99%	10-15	-	-	-	135-140	-	-	-
Mrs Claire Yarwood	Director of Finance	Salford	01/04/12-31/03/13	115-120	0	0	0	7.99%	5-10	-	-	-	100-105	-	-	-
Dr Julie Higgins	Director of Commissioning Development	HMR	01/04/12-31/08/12	65-70	0	0	0	7.99%	5-10	-	-	-	115 - 120	-	-	-
Mrs Hilary Garratt	Director of Nursing, Quality and Performance	Tameside	01/04/12-30/06/12	20-25	0	0	0	7.99%	0-5	-	-	-	105 - 110	-	-	-
Mrs Anita Rolfe^	Director of Nursing, Quality and Performance	Oldham	01/07/12-31/10/12	25-30	0	0	0	7.99%	0-5	-	-	-	N/A	N/A	N/A	N/A
Mrs Patricia Bennett^	Director of Nursing, Quality and Performance	Liverpool	01/10/12-31/03/13	0-5	0	0	0	7.99%	0-5	-	-	-	N/A	N/A	N/A	N/A
Dr Raj Patel	Medical Director	Tameside	01/04/12-31/03/13	20-25	0	0	0	7.99%	0-5	-	-	-	20 - 25	50 - 55	-	-
Ms Melanie Sirotkin^	Lead Director of Public Health	Salford	01/04/12-31/03/13	115-120	0	0	0	7.99%	5-10	-	-	-	N/A	N/A	N/A	N/A
Mr Rob Bellingham	Board Secretary	Bury	01/04/12-31/03/13	80-85	0	0	0	7.99%	5-10	-	-	-	45 - 50	-	-	-
Mr Warren Heppolette	Director of Policy and External Relations	Salford	01/04/12-31/03/13	90-95	0	0	0	7.99%	5-10	-	-	-	70-75	-	-	-
Ms Leila Williams	Director of Service Transformation	ALW	01/04/12-31/03/13	90 - 95	0	0	0	7.99%	5-10	-	-	-	75 - 80	-	-	0 - 1
Mr Kevin Moynes^	Director of HR and OD	SHA	01/04/12-31/03/13	65-70	0	0	0	7.99%	5-10	-	-	-	N/A	N/A	N/A	N/A
Mrs Andrea Anderson	Director of HR and OD	Bury	on maternity leave during period	25 - 30	0	0	0	7.99%	0-5	-	-	-	65 - 70	-	-	-
Mr Terry Atherton+	Non-Executive Director	Trafford	01/04/12-31/03/13	30-35	-	-	-	7.99%	0-5	-	-	-	30 - 35	-	-	-
Mr Riaz Ahmad*+	Non-Executive Director	Oldham	01/04/12-31/03/13	35-40	-	-	-	7.99%	0-5	-	-	-	30 - 35	-	-	-
Dr Kailash Chand+	Associate Non-Executive Director	Tameside	01/04/12-31/03/13	30-35	0	0	0	7.99%	0-5	-	-	-	30 - 35	-	-	-
Mr David Edwards+	Non-Executive Director	HMR	01/04/12-31/03/13	35-40	0	0	0	7.99%	0-5	-	-	-	30 - 35	-	-	-
Mr Alan Stephenson*+	Non-Executive Director	ALW	01/04/12-31/03/13	35 - 40	0	0	0	7.99%	0-5	-	-	-	30 - 35	-	-	-
Ms Evelyn Asante-Mensah*+	Non-Executive Director	Manchester	01/04/12-31/03/13	35 - 40	-	-	-	7.99%	0-5	-	-	-	40 - 45	-	-	-
Mr Michael Greenwood+	Non-Executive Director	Stockport	01/04/12-31/03/13	30-35	0	0	0	7.99%	0-5	-	-	-	30 - 35	-	-	-
Mr Paul Horrocks+	Non-Executive Director	Bury	01/04/12-31/03/13	35 - 40	0	0	0	7.99%	0-5	-	-	-	30 - 35	-	-	-
Mrs Pam Senior	Non-Executive Director (to Dec 11)	Bolton	Left 31/12/11	N/A	N/A	N/A	N/A	7.99%	N/A	N/A	N/A	N/A	25 - 30	-	-	-

* Audit Committee Members
+ Remuneration of Terms of Service Committee members
^ Not in post 2011-12

Name	Title	Real increase in pension at age 60 (bands of £2,500)	Real increase in pension lump sum at aged 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	Employer's contribution to stakeholder pension
		£000	£000	£000	£000	£000	£000	£000	£000
Dr Mike Burrows	Chief Executive	0-2.5	0-2.5	45-50	145-150	900	842	14	N/A
Mrs Claire Yarwood	Director of Finance	0-2.5	0-2.5	35-40	105-110	623	578	15	N/A
Dr Julie Higgins	Director of Commissioning Development	0-2.5	0-2.5	25-30	85-90	502	455	23	N/A
Mrs Hilary Garratt	Director of Nursing, Quality and Performance	0-2.5	0-2.5	15-20	50-55	301	271	16	N/A
Mrs Anita Rolfe	Director of Nursing, Quality and Performance	N/A	N/A	20-25	70-75	383	N/A	N/A	N/A
Mrs Patricia Bennett	Director of Nursing, Quality and Performance	N/A	N/A	20-25	65-70	388	N/A	N/A	N/A
Dr Raj Patel	Medical Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ms Melanie Sirotkin	Lead Director of Public Health	N/A	N/A	35-40	105-110	706	N/A	N/A	N/A
Mr Rob Bellingham	Board Secretary	0-2.5	0-2.5	20-25	65-70	359	334	8	N/A
Mr Warren Heppolette	Director of Policy and External Relations	0-2.5	0-2.5	20-25	0-5	223	193	20	N/A
Ms Leila Williams	Director of Service Transformation	0-2.5	0-2.5	25-30	80-85	491	452	15	N/A
Mr Kevin Moynes	Director of HR and OD	N/A	N/A	20-25	60-65	410	N/A	N/A	N/A
Mrs Andrea Anderson	Director of HR and OD	12.5-15	0-2.5	15-20	0-5	150	32	116	N/A

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

Dr Raj Patel is not a member of the NHS Pension scheme and his employer makes no contributions to any other scheme.

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Cash Equivalent Transfer Values

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

Real Increase in CETV

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

Pay multiples

Primary Care Trusts are required to disclose the relationship between the remuneration of the highest paid Director in their organisation and the median remuneration of the organisations workforce.

The banded remuneration of the highest paid director in Heywood, Middleton and Rochdale PCT in the financial year 2012/13 was £13,635. This was 0.3 times the median remuneration of the workforce, which was £40,021.

Previous year comparative figures for 2011/12 are the banded remuneration of the highest paid Director in Heywood, Middleton and Rochdale PCT was £12,500. This was 0.4 times the median remuneration of the workforce, which was £32,573.

The midpoint banded remuneration of the highest paid director is a partial share of the GM Cluster Chief Executive. On a whole time equivalent basis the value would be £150k which would be 3.75 times the median remuneration of the workforce.

Total remuneration includes salary and all payments made to employees in respect of their employment. It excludes employer pension contributions and cash equivalent transfer value of pensions. In calculating the above, the full time equivalent and the annualised salary has been used for every member of staff in post at the end of the reporting period.

Heywood, Middleton and Rochdale Primary Care Trust

2012-13 Accounts

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Heywood, Middleton and Rochdale Primary Care Trust

2012-13 Accounts

FOREWORD TO THE ACCOUNTS

HEYWOOD, MIDDLETON & ROCHDALE PRIMARY CARE TRUST

These accounts for the period ended 31st March 2013 have been prepared by Heywood, Middleton & Rochdale Primary Care Trust under section 98 (2) of the National Health Services Act 2006 in the form which the Secretary of state has, with the approval of the Treasury, directed.

Ten PCTs within Greater Manchester formed a cluster on 3 May 2011, with a single Board of Directors becoming the embodiment of the Board of each of the ten individual PCTs. The cluster is known as NHS Greater Manchester. Each Director of NHS Greater Manchester carries statutory accountability as a Director of each of the ten constituent PCTs. Heywood, Middleton & Rochdale PCT remains a statutory body until it is dissolved on 1st April 2013.

2012-13 Annual Accounts of Heywood, Middleton and Rochdale Primary Care Trust

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

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

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

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

Signed..Designated Signing Officer

Name: Mike Burrows

Date: 6 June 2013

2012-13 Annual Accounts of Heywood, Middleton and Rochdale Primary Care Trust

STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

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

- make judgements and estimates which are reasonable and prudent;

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

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

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

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

By order of the Permanent Secretary.

6 June 2013...Signing Officer (Mike Burrows)

6 June 2013...Finance Signing Officer (Claire Yarwood)

Annual Governance Statement 2012/2013

NHS Heywood, Middleton and Rochdale

Organisation Code: 5NQ

Governance Statement

Scope of responsibility

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

The ten PCTs within Greater Manchester formed the NHS Greater Manchester cluster on 3 May 2011, with a single Board of Directors becoming the embodiment of the Board of each of the ten individual PCTs i.e. each Director carries statutory accountability as a Director of each of the ten constituent PCTs.

Operational management of the PCT continued at a local level. Following sign off of an Accountability Agreement by shadow Clinical Commissioning Groups (CCGs), Locality Boards were abolished and CCGs were accountable to the NHS Greater Manchester Board. The annual report and accounts of the PCT were approved by the NHS Greater Manchester sub-committee of the Department of Health Audit and Risk Committee and certified by the Cluster Chief Executive and Director of Finance on 6 June 2013. This was done following the provision of appropriate assurance from the External Auditor and Locality Director of Finance to the Audit Committee on 6 June 2013.

As Accountable Officer, I work closely with internal and external stakeholders, including local people in order to deliver healthcare services that make a difference to local peoples' lives. In this role as Accountable Officer, I have overall responsibility for the management of the PCT, including corporate, financial and human resource management, health and safety, service commissioning, provision and communication.

Key working relationships are with:

- Local Residents;
- Staff within the PCT;
- Executive Directors;
- Non Executive Directors;
- Members of the Clinical Commissioning Groups;
- Local Authorities and the Association of Greater Manchester Authorities (AGMA);
- North of England Specialist Commissioning team;
- The media;
- Local members of Parliament;
- Local Foundation Trusts;
- Local NHS Trusts;
- Local Independent Contractors;
- Voluntary/not for profit sector;

- NHS North;
- Department of Health;
- Care Quality Commission;
- Monitor.

There are structures in place to ensure appropriate accountability and partnership working. These include:

- Standing Orders, Standing Financial Instructions and delegation arrangements which specifically address governance; the role of the board and its subcommittees; the role of the chairman, chief executive and senior staff; accountability arrangements; and partnership working arrangements;
- Open meetings of the board and the publication of board meetings and related board reports;
- The publication and dissemination of performance reports, our annual report and accounts, annual audit letters, equality and diversity policies, public health reports, joint strategic needs assessments, service strategies, Care Quality Commission Standards declarations and other key documents, many of which are produced jointly with partners;
- The monitoring and accountability arrangements between NHS North and the PCT (via the accountable officer) are exercised by the monitoring of the annual operating plan;
- Regular meetings between NHS North and the accountable officer that include regular review of performance;
- Formal mid-year and year-end reviews between the NHS North and NHS Greater Manchester take place to review performance and development issues;
- The PCT accounts for its contribution to the health economy through strategic partnerships, public meetings and the publication of documents such as Trust Board papers and the Annual Report;
- The PCT can demonstrate compliance with the Code of Practice and openness in the NHS;

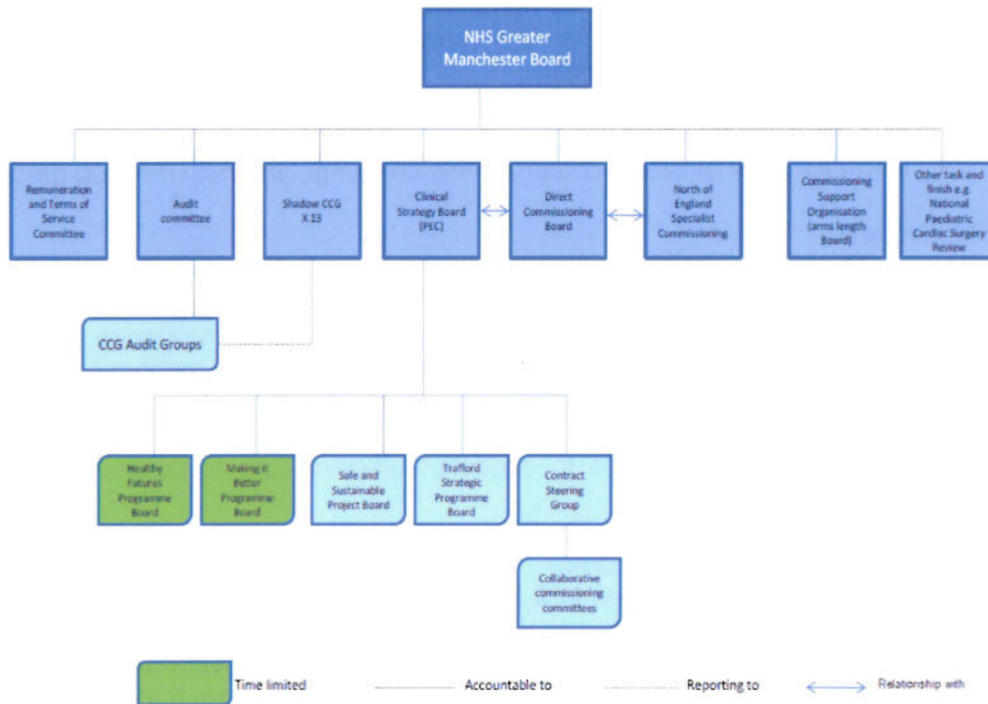
The governance framework of the organisation

NHS Greater Manchester was established on the 3rd May 2011, becoming the embodiment of the Board of the 10 Greater Manchester PCTs. The NHS GM Board met throughout 2012-13, as summarised below:

- Monthly public Board meetings
- Bi-monthly Board Strategy sessions
- A supporting committee structure (described in more detail below)

The high level committee structure depicted below was in place during the year.

NHS Greater Manchester proposed committee structure from April 2012 – March 2013



The Board has received regular themed governance reports throughout the year, under the heading "Managing the Transition". An updated committee structure for 2012/13 was implemented from 1 April 2012 with the following key changes:

- The Clinical Commissioning Board and Service Transformation Board to merge into a Clinical Strategy Board
- The establishment of an arms-length Commissioning Support Service Development Board
- The establishment of a Direct Commissioning Board to take responsibility for those functions that will ultimately become part of NHS England
- Other amendments to reflect changing governance structures for 2012-13, ie cessation of Locality Boards, with shadow CCGs reporting directly to the NHS Greater Manchester Board.

Each of the Committees has provided reports to the Board after each of their meetings. Clinical Commissioning Group Board meetings were held in public and following the meetings, a Clinical Commissioning Group Board Summary Document presented to the NHS Greater Manchester Board.

NHS Greater Manchester believes it has complied with the five domains set out in the Governance Code as follows:

Leadership

- A Board is in place which is collectively responsible for the success of the Greater Manchester PCTs and for overseeing the transition to the new organisational arrangements.
- There is a clear division of responsibilities between the running of the board and the executive responsibility for the running of the organisation. No one individual has unfettered powers of decision.
- The chairman is responsible for leadership of the board and ensuring its effectiveness on all aspects of its role.
- Non-executive directors constructively challenge and help develop proposals on strategy.

Effectiveness

- The board and its committees draw their membership from a broad pool of NHS staff, independent contractors and non-executive directors, providing the appropriate balance of skills, experience, independence and knowledge of the organisations to enable them to discharge their respective duties and responsibilities effectively.
- There is a formal, rigorous and transparent procedure for the appointment of new directors to the board.
- All directors are able to allocate sufficient time to discharge their responsibilities effectively.
- All directors receive induction on joining the board and regularly update and refresh their skills and knowledge.
- The board is supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties. This has been a priority area in 2012-13, and is an area which is kept under continuing review and enhancement.
- The board has reviewed its own performance and that of its committees via the regular Board Strategy sessions and via the formal governance, finance, performance and quality reports presented to Board meetings. Individual Directors are subject to formal assessment and appraisal processes.

Accountability

- The board presents a balanced and understandable assessment of the organisations position and prospects via a number of routes including,
  - Papers presented to each Board meeting, e.g. Finance, Performance
  - The development and publication of an Annual Plan
  - The development and publication of an Annual Report for each constituent PCT
- The board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The board has maintained sound risk management and internal control systems as described in the "Risk and Control framework" section below.
- The board has established formal and transparent arrangements for considering how it should apply the corporate reporting and risk management and internal control principles and for maintaining an appropriate relationship with the PCT's auditor. The Audit Committee leads on this area of work, with regular feedback and reporting to the main Board and a regular ongoing dialogue in place between the PCTs and their internal and external auditors.

Remuneration

- Levels of remuneration are sufficient to attract, retain and motivate directors of the quality required to run the organisation successfully. This process is overseen by the Greater Manchester Remuneration and Terms of Service Committee.

- There is a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director is involved in deciding his or her own remuneration. Again this is managed by the Remuneration and Terms of Service Committee.

Relations with Stakeholders (described as shareholders in the Governance Code)

- There is a dialogue with stakeholders, (e.g. patients, public, partner organisations), based on the mutual respect and a commitment to effective communication and engagement. The board as a whole has responsibility for ensuring that a satisfactory dialogue with stakeholders takes place.
- The AGMs of the ten Greater Manchester PCTs, together with a wide range of other initiatives, are used to communicate with stakeholders and to encourage their participation. AGMs were held in 2012-13 in respect of the 2011-12 accounts and achievements, however due to the demise of PCTs on 31.3.13, no further AGMs will be held.

Arrangements for managing the transition

The Transition Programme Board was set up in April 2012 as a task and finish operational group to make collective decisions on planning and transition of staff and services to the future commissioning architecture. The Transition Programme Board is responsible for transitioning people and services to the receiving organisations by April 2013 and is responsible for ensuring that national guidance is met through achieving Clinical Commissioning Group (CCG) authorisation and accreditation of the Commissioning Support Service (CSS) by 1 April 2013. The Transition Programme Board supports the forming and discharge of the wider governance boards.

The Transition Programme Board undertakes the following functions:

- Provides assurance, monitors progress and authorises / assures programme activities through monitoring progress reporting from the sub-programmes and Professional Leads on delivery of:
    - The NHS Greater Manchester transition programme
    - The Sub-Programmes to create the four main receiving organisations in NHS Greater Manchester (NHS England, CCGs, CSS and Local Authority Public Health)
    - Transfer of Estates and Facilities Management functions to NHS Prop Co
    - Enabling work streams in support of the Transition Programme

- Provides assurance of the Transition Programme through review of the following for each receiving organisation and enabler programme:
    - Delivery plans, key milestones and inter-dependencies
    - Resources and budget controls
    - Reviewing and resolving key risks & issues, escalating as required
    - Stakeholder engagement and communications activities for the programme

The PCT Closedown Programme has been established as a sub programme of the Transition Programme Board. The Closedown Accountable Officers (the Locality Directors of Finance) and Closedown Leads at the individual PCTs will ensure that there is effective identification of the functions and associated assets, liabilities and contracts to be transferred and that there has

been clear and meaningful communication of this with the 'Receiving Organisations'.

Primary care trust closedown is a standing agenda item for the NHS Greater Manchester Audit and Integrated Governance Committee and the central closedown team provide regular update reports to this committee.

Accountability for PCT closedown programme activities resides with the PCT Cluster Chief Executive with local closedown activity currently being discharged through PCT Locality Directors of Finance up to 31 March 2013 and discharged through CCG Directors of Finance from 1st April 2013.

At 1st April the following risk management arrangements for individual stakeholders' risks currently on the Greater Manchester Board Assurance Framework will transfer as follows:

- All shadow CCGs to respective formal CCGs (subject to authorisation)
- NHS Greater Manchester to NHS England (Greater Manchester Area Team)/Commissioning Support Unit (hosted by NHS England)/NHS Property Services Ltd (as appropriate)
- Commissioning Support Unit to Commissioning Support Unit (hosted by NHS England)
- Direct Commissioning to Greater Manchester Area Team (of NHS England)
- Specific transition risks will close at the end of March 2013

It will therefore be the responsibility of receiving organisations as above (where explicitly not stated in PCT closedown transfer schemes) for the management of these risks post 1st April 2013.

Arrangements for accounts scrutiny and sign off

The NHS Greater Manchester Audit and Integrated Governance Committee demised on 31 March 2013. Accordingly, in accordance with Department of Health guidance issued in Gateway reference 18561, NHS Greater Manchester has nominated five former non executives for membership of a sub-committee of the Department of Health Audit and Risk Committee. This sub-committee reviewed the draft accounts and analytical reviews in detail with the PCT Locality Director of Finance at a meeting on 16 May 2013, and a further meeting to approve the final audited accounts was held on 6 June 2013. The accounts are signed by the Local Area Team Director as Accountable Officer, and the Area Team Director of Finance.

Risk assessment

The PCT Risk Management Strategy and Risk Management Policy (annually reviewed documents, last reviewed in September 2012) aim to ensure that all risks associated with the commissioning, and delivery of services, are identified, managed appropriately and minimised to the lowest possible level.

The strategy details a model for implementing risk management, which is to identify, quantify, manage and mitigate each presented risk, thus making it a routine process for all staff. To facilitate this all risks are articulated on an electronic risk management system, which is updated at appropriate timescales by each risk owner. Updating of the system is monitored by the Risk Manager to ensure that all risks are accurately reported and all staff can see all organisational risks. Where a risk is not updated appropriately, or in a timely manner, the Risk Manager will consult with the Risk Reviewer to ensure that this is completed. Escalation to the Executive Manager/Risk Owner is instigated if necessary.

The quantification of risk, and the 5x5 matrix adopted by the strategy are detailed, along with appropriate descriptors (by domain) to assist in determining the consequence and likelihood impact of the risk. This is further supported by an additional table which details the appropriate management of the risk following its identification. This includes who is responsible for managing the risk and depending on severity, whether the risk should be housed within a directorate risk register or the corporate risk register.

The strategy also considers the risk management structure within the PCT, the associated reporting lines and the corporate, delegated and specific risk management responsibilities assigned by the CCG shadow Board.

It is outlined within the strategy that risk management is the responsibility of all within the PCT.

The PCTs major in year risks have been included in the PCTs corporate risk register which is reviewed and approved bi-monthly by the CCG Shadow Board. The corporate risk register provides assurance to the CCG shadow Board that there are plans in place to mitigate the risks identified and includes subsequent residual risk ratings. Where a risk has been successfully mitigated to a lower level it is removed from the corporate risk register and the Board is informed accordingly. If there is still evidence of risk albeit lower, the risk is then included within the relevant directorate risk register for further mitigation.

HMR PCT's major risks in year that are still relevant at year end are:

- Failure to close the internal inequalities gap impacting disproportionately on health outcomes for residents from different parts of the Borough. This remains a partnership challenge given the current economic context and the levels of deprivation some residents experience. Mitigation plans are being implemented by the CCG and its partner organisations.

- Failure to achieve the All Age All Cause Mortality (Male) planned trajectory potentially impacting on the overall target.

- Failure to achieve GM/SHA trajectories for increased Health Visitor numbers by 2015 in line with Operating Framework commitment. Although financial resources have been made available, this is dependent on the provider being able to recruit to posts.

- **New Risk in 2012/13**: Risk of harm to children and young people by Child Sexual Exploitation (CSE) has been identified. Mitigating actions have included significant investment in training and development, funding for health workers in multi-agency specialist teams and gaining assurance from health providers that safeguarding

practices are embedded in their service delivery.

- **New Risk in 2012/13**: Failure to upload all Summary Care Records by end of March 2013 deadline. Delivery of a recovery plan has led to only 4 practices outstanding by the end of March, largely as a consequence of clinical systems compliance.

- **New Risk in 2012/13**: **Risk mitigated to amber at end March 2013.** Failure to identify and immunise all neonates requiring a BCG vaccination (to reduce the risk of tuberculosis). Significant work has now been completed which has identified all those affected and a programme of work is being implemented and monitored to ensure progress. This work is currently on track.

Lapses of data security: Using the DoH 'Checklist for Reporting, Managing and Investigating Information Governance Serious Untoward Incidents' framework, NHS Heywood, Middleton and Rochdale have not had any reportable serious untoward incidents (graded as 3-5) of data security lapses that required reporting to the Information Commissioner in 2012/13.

Reporting of Personal Data Related Incidents: The PCT is required to record and report details of all incidents involving data loss or confidentiality. The table below represents any reportable incidents (graded in the DoH 'Checklist for Reporting, Managing and Investigating Information Governance Serious Untoward Incidents' as level 0-2), for 2012/13

SUMMARY OF OTHER PERSONAL DATA RELATED INCIDENTS IN 2012/13		
Category	**Nature of Incident**	**Total**
I	Loss of inadequately protected electronic equipment or paper documents from secured NHS premises	0
II	Loss of inadequately protected equipment devices or paper documents from outside secured NHS premises	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	2
V	Other	0

Where concerns or issues were reported, the PCT investigated the matter immediately and put in place actions to both minimise any risks regarding the safety of patients, patient care or business continuity, and to manage any risk of reoccurrence. The PCT takes security and confidentiality of its information very seriously, and supports its independent contractors with data incident management and investigation. The PCT SIRO and Caldicott Guardian take assurance on compliance and incident / information risk management from the Information Governance Management Group, and report directly to the Trust Board.

The risk and control framework

During 2012-13, NHS Greater Manchester has continued with a risk management approach to complement the work being done in localities. A key element of this approach has been the development of a NHS Greater Manchester Assurance Framework.
Each NHS Greater Manchester Board meeting receives a single page summary of the top risks from the Assurance Framework, with a locality based depiction of the position (or a single GM indicator where the risk is held at GM level). The Audit Committee receives the full Assurance Framework at each meeting.

Throughout the year, locally led risk management arrangements have been in place in each of the 10 PCT locality areas. As part of the Greater Manchester arrangements, the cluster has assessed the risk systems in place in each of the localities, particularly the operation of the locality risk registers. This has been reported to the NHS Greater Manchester Board on a regular basis.

Review of the effectiveness of risk management and internal control (completed by CCG)

The assurance framework is a further mechanism utilised by HMR PCT for providing sufficient evidence and assurance that an effective system of internal control is adopted and embedded. HMR PCT's Business Plan is defined by Strategic, Directorate and Team Objectives which are monitored through the Performance Team and reported bi-monthly, by exception, to Clinical Commissioning Committee and CCG shadow Board. The Assurance Framework is based on HMR PCT's Business Plan, at Directorate Objective level. The framework considers each objective in relation to the risks presented, the control measures in place to minimise the risks, the mechanisms for providing assurance that the control measures are working and any gaps that may be outstanding in relation to both control measures and assurance provided. The framework also links explicitly to the PCTs corporate risk register and directorate risk registers to ensure risks affecting the delivery of objectives are managed effectively.
Of the 39 Directorate Objectives detailed in the end of year Assurance Framework, only one has limited assurance:

- Implement best practice tariff for paediatric diabetes.

The assurance level has remained limited due to a lack of clear monitoring lines within the wider Long Term Conditions (LTC) work programme. LTC is a leading priority for the CCG and the Commissioning Support Unit have recently identified a senior lead to take this programme forward. The senior CSU lead is meeting with CCG commissioners to develop a process for managing the successful introduction of the Paediatric Diabetes programme into CSU programmes.

The Head of Internal Audit opinion is that Significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls, put the achievement of particular objectives at risk.

Significant Issues

Rochdale borough has identified the prevalence of child sexual exploitation with successful prosecution of nine perpetrators in May 2012. This has led to convening of two multi agency serious case reviews. Both the CCG and health providers have contributed to the review. There has been national media focus on public service provision within the borough to safeguard and protect children and young people. Early findings of the review have identified the role of health practitioners in early identification and response to child sexual exploitation.

In addition Ofsted undertook its Safeguarding children inspection in November 2012. An inadequate scoring for the Local Authority has resulted in multi-agency review of service provision to children and families. The Local Authority Safeguarding services are subject to a six month improvement plan. However, such a plan must be multi-agency in nature and as statutory partners of the Local Safeguarding Children's Board, all health services commissioned within the borough are working jointly to ensure that services to safeguard and protect children are safe and effective. The improvement plan has identified the need for health services to be clear on services specifically to address early intervention strategies for children and families.

A further finding has been the need to ensure that the Local Safeguarding Children's Board has effective leadership and challenge. A new Independent Chair has been appointed to the Board, representation of health service commissioners and providers has been reviewed. The Accountable officer represents the CCG on the Local Safeguarding Children's Board and meets regularly with chief executive of provider health services to ensure that there is effective participation of health services and challenge to partners.

Accountable Officer : Mike Burrows

Organisation:

Signature

Date 6/6/13

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE DEPARTMENT OF HEALTH'S ACCOUNTING OFFICER IN RESPECT OF HEYWOOD, MIDDLETON AND ROCHDALE PRIMARY CARE TRUST

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

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

- the table of salaries and allowances of senior managers [and related narrative notes] on page 17;
- the table of pension benefits of senior managers [and related narrative notes] on page 18; and
- the pay multiples narrative on page 19.

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

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trust;

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

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

Opinion on regularity

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters

In our opinion:

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

Matters on which we report by exception

We report to you if:[1]

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

We have nothing to report in these respects.

Other matters on which we are required to conclude

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

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

· our review of the annual governance statement;

· the work of other relevant regulatory bodies or inspectorates, to the extent the results of the work have an impact on our responsibilities; and

· our locally determined risk-based work on the transition arrangements for the demising Primary Care Trust.

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

Certificate

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

Mark Heap
Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP

4 Hardman Square,
Spinningfields,
Manchester
M3 3EB

07 June 2013

Statement of Comprehensive Net Expenditure for year ended 31 March 2013

	NOTE	2012-13 £000	2011-12 £000
Administration Costs and Programme Expenditure			
Gross employee benefits	7.1	**8,298**	9,458
Other costs	5.1	**408,873**	394,541
Income	4	**(11,045)**	(11,615)
Net operating costs before interest		**406,126**	392,384
Investment income	9	**(71)**	(71)
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**1,381**	1,338
Net operating costs for the financial year		**407,436**	393,651
Transfers by absorption -(gains)		**0**	0
Transfers by absorption - losses		**0**	0
Net (gain)/loss on transfers by absorption		**0**	0
Net Operating Costs for the Financial Year including absorption transfers		**407,436**	**393,651**
Of which:			
Administration Costs			
Gross employee benefits	7.1	**8,165**	8,366
Other costs	5.1	**5,306**	6,664
Income	4	**(512)**	(2,231)
Net administration costs before interest		**12,959**	**12,799**
Investment income	9	**0**	0
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**0**	4
Net administration costs for the financial year		**12,959**	**12,803**
Programme Expenditure			
Gross employee benefits	7.1	**133**	1,092
Other costs	5.1	**403,567**	387,877
Income	4	**(10,533)**	(9,384)
Net programme expenditure before interest		**393,167**	**379,585**
Investment income	9	**(71)**	(71)
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**1,381**	1,334
Net programme expenditure for the financial year		**394,477**	**380,848**

Other Comprehensive Net Expenditure	2012-13 £000	2011-12 £000
Impairments and reversals put to the Revaluation Reserve	**0**	164
Net (gain) on revaluation of property, plant & equipment	**(123)**	(1,056)
Net (gain) on revaluation of intangibles	**0**	0
Net (gain) on revaluation of financial assets	**0**	0
Net (gain)/loss on other reserves	**0**	0
Net (gain)/loss on available for sale financial assets	**0**	0
Net (gain) /loss on Assets Held for Sale	**0**	0
Release of Reserves to Statement of Comprehensive Net Expenditure	**0**	0
Net actuarial (gain)/loss on pension schemes	**0**	0
Reclassification Adjustments		
Reclassification adjustment on disposal of available for sale financial assets	**0**	0
Total comprehensive net expenditure for the year*	**407,313**	**392,759**

*This is the sum of the rows above plus net operating costs for the financial year after absorption accounting adjustments.
The notes on pages 15 to 41 form part of this account.

Statement of Financial Position at 31 March 2013

	NOTE	31 March 2013 £000	31 March 2012 £000
Non-current assets:			
Property, plant and equipment	12	**28,135**	29,098
Intangible assets	13	**4**	16
Investment property	15	**0**	0
Other financial assets	21	**447**	451
Trade and other receivables	19	**2,911**	3,057
Total non-current assets		**31,497**	32,622
Current assets:			
Inventories	18	**0**	1
Trade and other receivables	19	**1,403**	1,904
Other financial assets	36	**4**	4
Other current assets	22	**0**	0
Cash and cash equivalents	23	**206**	4
Total current assets		**1,613**	1,913
Non-current assets held for sale	24	**0**	0
Total current assets		**1,613**	1,913
Total assets		**33,110**	34,535
Current liabilities			
Trade and other payables	25	**(20,550)**	(23,166)
Other liabilities	26,28	**0**	0
Provisions	32	**(713)**	(1,785)
Borrowings	27	**(448)**	(417)
Other financial liabilities	36.2	**0**	0
Total current liabilities		**(21,711)**	(25,368)
Non-current assets plus/less net current assets/liabilities		**11,399**	9,167
Non-current liabilities			
Trade and other payables	25	(2,940)	(2,988)
Other Liabilities	28	0	0
Provisions	32	(138)	(194)
Borrowings	27	(25,622)	(26,027)
Other financial liabilities	36.2	0	0
Total non-current liabilities		**(28,700)**	(29,209)
Total Assets Employed:		**(17,301)**	(20,042)
Financed by taxpayers' equity:			
General fund		(19,167)	(21,804)
Revaluation reserve		1,866	1,762
Other reserves		0	0
Total taxpayers' equity:		**(17,301)**	(20,042)

The notes on pages 15 to 41 form part of this account.

The financial statements on pages 1 to 41 were approved by the Board on 6th June 2013 and signed on its behalf by

Chief Executive: [signature] Date: 6/6/13

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

	General fund	Revaluation reserve	Total reserves
	£000	£000	£000
Balance at 1 April 2012	**(21,804)**	**1,762**	**(20,042)**
Changes in taxpayers' equity for 2012-13			
Net operating cost for the year	(407,436)	0	**(407,436)**
Net gain on revaluation of property, plant, equipment	0	166	**166**
Impairments and reversals	0	0	**0**
Transfers between reserves*	19	(19)	**0**
Release of Reserves to SOCNE	0	(43)	**(43)**
Reclassification Adjustments			
Transfers between Revaluation Reserve & General Fund in respect of assets transferred under absorption	0	0	**0**
Net actuarial gain/(loss) on pensions	0	0	**0**
Total recognised income and expense for 2012-13	**(407,417)**	**104**	**(407,313)**
Net Parliamentary funding	410,054		**410,054**
Balance at 31 March 2013	**(19,167)**	**1,866**	**(17,301)**

	General fund	Revaluation reserve	Total reserves
Balance at 1 April 2011	**(17,329)**	**1302**	**(16,027)**
Changes in taxpayers' equity for 2011-12			
Net operating cost for the year	(393,651)	0	(393,651)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment	0	1,056	1,056
Net Gain / (loss) on Assets Held for Sale	0	0	0
Impairments and Reversals	0	(164)	(164)
Transfers between reserves*	432	(432)	0
Release of Reserves to Statement of Comprehensive Net Expenditure	0	0	0
Reclassification Adjustments			
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	0	0
On disposal of available for sale financial assets	0	0	0
Total recognised income and expense for 2011-12	(393,219)	460	(392,759)
Net Parliamentary funding	388,744		388,744
Balance at 31 March 2012	**(21,804)**	**1,762**	**(20,042)**

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		**(406,126)**	(392,384)
Depreciation and Amortisation		**1,249**	1,205
Impairments and Reversals		**880**	(6)
Other Gains / (Losses) on foreign exchange		**0**	0
Donated Assets received credited to revenue but non-cash		**0**	0
Government Granted Assets received credited to revenue but non-cash		**0**	0
Interest Paid		**(1,377)**	(1,334)
Release of PFI/deferred credit		**0**	0
(Increase)/Decrease in Inventories		**1**	3
(Increase)/Decrease in Trade and Other Receivables		**649**	337
(Increase)/Decrease in Other Current Assets		**0**	0
Increase/(Decrease) in Trade and Other Payables		**(2,410)**	2,758
(Increase)/Decrease in Other Current Liabilities		**0**	0
Provisions Utilised		**(288)**	(267)
Increase/(Decrease) in Provisions		**(844)**	1,364
Net Cash Inflow/(Outflow) from Operating Activities		**(408,266)**	**(388,324)**
Cash flows from investing activities			
Interest Received		**71**	71
(Payments) for Property, Plant and Equipment		**(1,240)**	(462)
(Payments) for Intangible Assets		**0**	0
(Payments) for Other Financial Assets		**0**	0
(Payments) for Financial Assets (LIFT)		**0**	0
Proceeds of disposal of assets held for sale (PPE)		**0**	366
Loans Repaid in Respect of LIFT		**0**	0
Rental Revenue		**0**	0
Net Cash Inflow/(Outflow) from Investing Activities		**(1,169)**	**(25)**
Net cash inflow/(outflow) before financing		**(409,435)**	**(388,349)**
Cash flows from financing activities			
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		**(417)**	(398)
Net Parliamentary Funding		**410,054**	388,744
Capital grants and other capital receipts		**0**	0
Cash Transferred (to)/from Other NHS Bodies (free text note required)		**0**	0
Net Cash Inflow/(Outflow) from Financing Activities		**409,637**	**388,346**
Net increase/(decrease) in cash and cash equivalents		**202**	**(3)**
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		**4**	**7**
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies		**0**	0
Cash and Cash Equivalents (and Bank Overdraft) at year end		**206**	**4**

1. Accounting policies

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

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

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

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

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

1.1 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, to fair value as determined by the relevant accounting standard.

Transforming Community Services (TCS) transactions

Under the TCS initiative, services historically provided by PCTs have transferred to other providers - notably NHS Trusts and NHS Foundation Trusts. Such transfers fall to be accounted for by use of absorption accounting in line with the Treasury FReM. The FReM does not require retrospective adoption, so prior year transactions (which have been accounted for under merger accounting) have not been restated. Absorption accounting requires that entities account for their transactions in the period in which they took place, with no restatement of performance required when functions transfer within the public sector. Where assets and liabilities transfer, the gain or loss resulting is recognised in the SOCNE, and is disclosed separately from operating costs.

Acquisitions and Discontinued Operations

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

Critical accounting judgements and key sources of estimation uncertainty

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

All critical accounting judgements are disclosed as appropriate within the notes to the financial accounts.

Critical judgements in applying accounting policies

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

Accounting policies have been applied in the spirit of the accounting standards and the guidance issued by the Department of Health.

Key sources of estimation uncertainty

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

The LIFT buildings have been valued by the District Valuation Office using the most appropriate forecasting methodology to determine the value in 25 years time. The terminal value applied to the LIFT buildings has therefore a high level of subjectivity and is underpinned by a number of assumptions. With the LIFT buildings now being accounted for on the Statement of Financial Position under IFRS, this could potentially lead to future impairments, given the current economic climate. This could have a material impact on the Statement of Comprehensive Net Expenditure on a year on year basis, given the material value of the LIFT buildings and the subjective nature of forecasting building terminal values.

1. Accounting policies (continued)

1.2 Revenue and Funding

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

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

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

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

1.3 Pooled budgets

Heywood, Middleton and Rochdale PCT has no pooled budgets.

1.4 Taxation

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

1.5 Administration and Programme Costs

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

1. Accounting policies (continued)

1.7 Property, Plant & Equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

Valuation

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

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

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

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

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

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

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

Subsequent expenditure

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

1. Accounting policies (continued)

1.8 Intangible Assets

Recognition

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

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

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

Measurement

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

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

1.9 Depreciation, amortisation and impairments

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

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

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

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

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

1. Accounting policies (continued)

1.10 Donated assets

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

1.11 Government grants

Following the accounting policy change outlined in the Treasury FREM for 2011-12, a government grant reserve is no longer maintained. The value of assets received by means of a government grant are credited directly to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

1.12 Non-current assets held for sale

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

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

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

1.13 Inventories

Inventories are valued at the lower of cost and net realisable value using the [first-in first-out / weighted average] cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.14 Cash and cash equivalents

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

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

1.15 Losses and Special Payments

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

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

1.16 Clinical Negligence Costs

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

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

1. Accounting policies (continued)

1.17 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. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation
A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. Actuarial assessments are undertaken in intervening years between formal valuations using updated membership data and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2013, is based on the valuation data as 31 March 2012, updated to 31 March 2013 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation
The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes were suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are developed as part of the reforms to public service pension provision due in 2015.

The Scheme Regulations were changed to allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next formal valuation to be used for funding purposes will be carried out at as at March 2012 and will be used to inform the contribution rates to be used from 1 April 2015.

c) Scheme provisions
The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:
The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.
With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation".
Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) will be used to replace the Retail Prices Index (RPI).

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable. For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

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

1.18 Research and Development

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

1.19 Other expenses

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

1.20 Grant making

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

1.21 EU Emissions Trading Scheme

The PCT does not have any EU Emission Trading Scheme allowances and therefore does not account for them.

1. Accounting policies (continued)

1.22 Contingencies

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

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

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

1.23 Leases

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

The PCT as lessee

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

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

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

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

The PCT as lessor

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

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

1.24 Foreign exchange

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

1.25 Provisions

Provisions are recognised when the PCT has a present legal or constructive obligation as a result of a past event, it is probable that the PCT will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of 2.35% (2.8% in respect of early staff departures) in real terms.

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

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

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

1. Accounting policies (continued)

1.26 Financial Instruments

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

Financial assets are initially recognised at fair value.

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

Financial assets at fair value through profit and loss

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

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

Available for sale financial assets
Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to the Statement of Comprehensive Net Expenditure on de-recognition. The fair value of LIFT investments is based on actual cost because there is no active market for these financial assets.

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, or at cost.

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

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

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

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

1. Accounting policies (continued)

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

Financial liabilities are initially recognised at fair value.

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

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

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

1.27 Private Finance Initiative (PFI) and NHS LIFT transactions
HM Treasury has determined that government bodies shall account for infrastructure PFI schemes (including NHS LIFT) where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The PCT therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:
a) Payment for the fair value of services received;
b) Payment for the PFI asset, including finance costs; and
c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

a) Services received
The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

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

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

A LIFT liability is recognised at the same time as the PFI assets are recognised. It is measured initially at fair value of the LIFT assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and charged to 'Finance Costs' within the Statement of Comprehensive Net Expenditure.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

1. Accounting policies (continued)

c) Lifecycle replacement
Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the PCT's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.
The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

Assets contributed by the PCT to the operator for use in the scheme
Assets contributed (e.g. cash payments, surplus property) by the PCT to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the PCT, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

Other assets contributed by the PCT to the operator
Assets contributed (e.g. cash payments, surplus property) by the PCT to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the PCT, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

1.28 Estimation techniques

In accounting for the LIFT schemes as finance leases the PCT has made assumptions about the amount it will pay for the assets under a terminal option to purchase the asset within the lease agreement. The amount is calculated using a rental yield of 6.15% (As provided by the DV) based on the estimated final rental payment in year 25 which is indexed annually using the RPI at that time. The PCT has assumed the RPI will be the same as the target set by The Treasury at 2.5%. If the estimates result in a terminal valuation 10% less than forecast the impact on the Statement of Comprehensive Net Expenditure will be £29k less in 2012/13 (£28k less in 2011/12). If the estimates result in a terminal valuation 10% greater than forecast the impact on the Statement of Comprehensive Net Expenditure will be £28k more in 2012/13 (£28k more in 2011/12).

1.29 Going Concern

As a consequence of the Health and Social Care Act 2012, NHS Heywood, Middleton & Rochdale will be dissolved on 1st April 2013. Its functions will be 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 NHS Heywood, Middleton& Rochdale have prepared these financial statements on a going concern basis.

1.30 Accounting standards issued that have been adopted early
The PCT has not adopted early any accounting standards that have been issued.

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

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

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

2 Operating segments

Following the transfer of Provider Services to Pennine Care in April 2011, the PCT no longer has any operating segments.

3. Financial Performance Targets

3.1 Revenue Resource Limit

	2012-13 £000	2011-12 £000
The PCTs' performance for the year ended 2012-13 is as follows:		
Total Net Operating Cost for the Financial Year	**407,436**	393,651
Net operating cost plus (gain)/loss on transfers by absorption	**407,436**	393,651
Adjusted for prior period adjustments in respect of errors	**0**	0
Revenue Resource Limit	**409,389**	395,806
Under/(Over)spend Against Revenue Resource Limit (RRL)	1,953	2,155

3.2 Capital Resource Limit

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

	2012-13 £000	2011-12 £000
Capital Resource Limit	**990**	373
Charge to Capital Resource Limit	**984**	368
(Over)/Underspend Against CRL	**6**	**5**

3.3 Under/(Over)spend against cash limit

	2012-13 £000	2011-12 £000
Total Charge to Cash Limit	**410,054**	388,744
Cash Limit	**411,056**	392,744
Under/(Over)spend Against Cash Limit	**1,002**	**4,000**

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

	2012-13 £000
Total cash received from DH (Gross)	353,710
Less: Trade Income from DH	(10)
Less/(Plus): movement in DH working balances	0
Sub total: net advances	**353,700**
(Less)/plus: transfers (to)/from other resource account bodies (free text note required)	0
Plus: cost of Dentistry Schemes (central charge to cash limits)	9,731
Plus: drugs reimbursement (central charge to cash limits)	46,623
Parliamentary funding credited to General Fund	**410,054**

4 Miscellaneous Revenue

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Fees and Charges	**0**	0	0	11
Dental Charge income from Contractor-Led GDS & PDS	**2,347**	0	2,347	2,090
Prescription Charge income	**2,274**	0	2,274	2,079
Primary Care Trusts - Other	**1,572**	0	1,572	711
Recoveries in respect of employee benefits	**0**	0	0	0
Local Authorities	**88**	0	88	298
Education, Training and Research	**632**	17	615	566
Other Non-NHS Patient Care Services	**90**	28	62	8
Charitable and Other Contributions to Expenditure	**298**	0	298	133
Rental revenue from operating leases	**3,318**	74	3,244	3,240
Other revenue	**426**	393	33	2,479
Total miscellaneous revenue	**11,045**	**512**	**10,533**	**11,615**

The increase in relation to charitable and other contributions to income is as a consequence of receiving £158k funding from the British Heart Foundation for the Hearty Lives Programme. The balance is the release of the new deal grant deferred income.

Included within the other revenue figure is £79k contributions from other Greater Manchester PCTs for the Hep C Programme and £59k for NPFIT. The corresponding figures for 2011/12 were £115k and £1,247k but the NPFIT programme ceased to exist in July 2012. In 2011/12 the PCT also received income of £542k for the Healthy Futures Programme. Healthy Futures became hosted by GM in 2012/13. Also included in the figure for other is £80k for IT services provided to Pennine Care and £69k for telephony services provided to Pennine Care, comparative figures for 2011/12 were £81k and £76k respectively. £88k was also received from Oldham PCT for a shared patient experience function.

5. Operating Costs

5.1 Analysis of operating costs:

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 Total £000
Goods and Services from Other PCTs				
Healthcare	**43,368**	0	43,368	39,940
Non-Healthcare	**929**	929	0	1,579
Total	**44,297**	**929**	**43,368**	**41,519**
Goods and Services from Other NHS Bodies other than FTs				
Goods and services from NHS Trusts	**134,624**	46	134,578	134,580
Goods and services (other, excl Trusts, FT and PCT))	**66**	66	0	3,256
Total	**134,690**	**112**	**134,578**	**137,836**
Goods and Services from Foundation Trusts	**81,480**	(14)	81,494	80,011
Purchase of Healthcare from Non-NHS bodies	**28,546**	0	28,546	19,389
Expenditure on Drugs Action Teams	**3,379**	0	3,379	3,710
Non-GMS Services from GPs	**1,079**	1	1,078	1,191
Contractor Led GDS & PDS (excluding employee benefits)	**12,190**	0	12,190	11,468
Salaried Trust-Led PDS & PCT DS (excluding employee benefits)	**1,936**	0	1,936	2,190
Chair, Non-executive Directors & PEC remuneration	**108**	108	0	96
Executive committee members costs	**0**	0	0	73
Consultancy Services	**929**	927	2	308
Prescribing Costs	**38,836**	0	38,836	40,925
G/PMS, APMS and PCTMS (excluding employee benefits)	**29,817**	0	29,817	29,930
New Pharmacy Contract	**10,292**	0	10,292	9,997
General Ophthalmic Services	**2,430**	0	2,430	2,345
Supplies and Services - Clinical	**1,076**	0	1,076	570
Supplies and Services - General	**2,017**	418	1,599	1,784
Establishment	**1,245**	1,006	239	900
Transport	**9**	9	0	21
Premises	**4,051**	947	3,104	3,019
Impairments & Reversals of Property, plant and equipment	**880**	0	880	(115)
Impairments and Reversals of non-current assets held for sale	**0**	0	0	109
Depreciation	**1,237**	192	1,045	1,188
Amortisation	**12**	7	5	17
Impairment of Receivables	**(84)**	0	(84)	1
Research and Development Expenditure	**33**	0	33	0
Audit Fees	**92**	92	0	141
Other Auditors Remuneration	**18**	18	0	37
Clinical Negligence Costs	**26**	0	26	31
Education and Training	**93**	46	47	313
Grants for capital purposes	**0**	0	0	135
Grants for revenue purposes	**1,438**	0	1,438	65
Other	**6,721**	508	6,213	5,337
Total Operating costs charged to Statement of Comprehensive Net Expenditure	**408,873**	**5,306**	**403,567**	**394,541**

Included within the figure for other is £5m to Rochdale MBC for social care and reablement, £96k for an internal audit and local counter fraud service, and £1,143k for incentive schemes to GP practices in realtion to prescribing and variation.

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 Total £000
Employee Benefits (excluding capitalised costs)				
PCT Officer Board Members	**93**	93	0	567
Other Employee Benefits	**8,205**	8,073	132	8,891
Total Employee Benefits charged to SOCNE	**8,298**	**8,166**	**132**	**9,458**
Total Operating Costs	**417,171**	**13,472**	**403,699**	**403,999**

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 Total £000
Analysis of grants reported in total operating costs				
For capital purposes				
Grants to fund Capital Projects - GMS	**0**	0	0	135
Grants to Local Authorities to Fund Capital Projects	**0**	0	0	0
Grants to Private Sector to Fund Capital Projects	**0**	0	0	0
Total Capital Grants	**0**	**0**	**0**	**135**
Grants to fund revenue expenditure				
To Local Authorities	**0**	0	0	0
To Private Sector	**402**	0	402	0
To Other	**1,036**	0	1,036	65
Total Revenue Grants	**1,438**	**0**	**1,438**	**65**
Total Grants	**1,438**	**0**	**1,438**	**200**

	Total	Commissioning Services	Public Health
PCT Running Costs 2012-13			
Running costs (£000s)	**12,960**	10,746	2,214
Weighted population (number in units)*	**236,910**	236,910	236,910
Running costs per head of population (£ per head)	**54.70**	**45.36**	**9.35**
PCT Running Costs 2011-12			
Running costs (£000s)	**12,554**	10,522	2,032
Weighted population (number in units)	**236,910**	236,910	236,910
Running costs per head of population (£ per head)	**52.99**	**44.41**	**8.58**

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

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

5.2 Analysis of operating expenditure by expenditure classification

	2012-13 £000	2011-12 £000
Purchase of Primary Health Care		
GMS / PMS/ APMS / PCTMS	29,880	29,929
Prescribing costs	38,836	40,925
Contractor led GDS & PDS	12,190	11,468
Trust led GDS & PDS	1,936	2,190
General Ophthalmic Services	2,430	2,345
New Pharmacy Contract	10,292	9,997
Non-GMS Services from GPs	734	131
Other	0	0
Total Primary Healthcare purchased	**96,298**	96,985
Purchase of Secondary Healthcare		
Learning Difficulties	2,582	1,821
Mental Illness	37,181	41,561
Maternity	11,204	12,144
General and Acute	179,501	170,876
Accident and emergency	9,783	9,163
Community Health Services	30,722	29,417
Other Contractual	18,516	15,714
Total Secondary Healthcare Purchased	**289,489**	280,696

Included within other contractual is £6,321k for emergency ambulances (£5,800k in 2011/12). Some PCTs have included this in general and acute and others have included with A&E

	2012-13 £000	2011-12 £000
Grant Funding		
Grants for capital purposes	0	135
Grants for revenue purposes	1,438	65
Total Healthcare Purchased by PCT	**387,225**	**377,881**
PCT self-provided secondary healthcare included above	0	0
Social Care from Independent Providers	0	0
Healthcare from NHS FTs included above	83,023	82,994

6. Operating Leases

6.1 PCT as lessee

	Land	Buildings	Other	Total	
	£000	£000	£000	£000	£000
Payments recognised as an expense					
Minimum lease payments				**405**	438
Contingent rents				**0**	0
Sub-lease payments				**0**	0
Total				**405**	**438**
Payable:					
No later than one year	**25**	**133**	**0**	**158**	221
Between one and five years	**56**	**76**	**0**	**132**	101
After five years	**0**	**0**	**0**	**0**	0
Total	**81**	**209**	**0**	**290**	**322**
Total future sublease payments expected to be received				0	0

The majority of operating leases are in in relation to properties leased for providing health services or supporting the business of the PCT. The contingent rent is determined from the inception of the lease to the first break clause. Any restrictions placed by the lease agreements are in the main in relation to what the properties can or cannot be used for in line with planning consent.

NHS Heywood, Middleton & Rochdale have arrangements in place with GP contractors involving the use of GP premises. The PCT has determined that these operating leases must be disclosed in the accounts as a note. As there is no defined term in the arrangement(s) entered into, it is not possible to analyse the arrangement(s) over financial years. The financial value included in the Statement of Comprehensive Net Expenditure for 2012/13 relating to GP premises is £1,474k (£1,312k in 2011/12), these values have not been included in the above table.

6.2 PCT as lessor

	2012-13	2011-12
	£000	£000
Recognised as income		
Rental Revenue	**3,318**	3,240
Contingent rents	**0**	0
Total	**3318**	3,240
Receivable:		
No later than one year	**2,315**	2,283
Between one and five years	**561**	2,297
After five years	**598**	0
Total	**3,474**	4,580

The Operating Leases are in relation to properties leased to Pennine Care NHS FT (£2,648k), GP Practices (£384k), Pharmacies (£66k), Dental Practices (£93k) and independent providers (£127k) for providing health services.

The Operating Leases in relation to properties leased to Pennine Care NHS FT (£2,648) are as a consequence of the transfer of Community Services on 1st April 2011.

7. Employee benefits and staff numbers

7.1 Employee benefits

	2012-13			Permanently employed			Other		
	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
Employee Benefits - Gross Expenditure									
Salaries and wages	**6,871**	6,713	158	**6,286**	6,198	88	**585**	515	70
Social security costs	**593**	584	9	**593**	584	9	**0**	0	0
Employer Contributions to NHS BSA - Pensions Division	**881**	868	13	**881**	868	13	**0**	0	0
Other pension costs	**0**	0	0	**0**	0	0	**0**	0	0
Other post-employment benefits	**0**	0	0	**0**	0	0	**0**	0	0
Other employment benefits	**0**	0	0	**0**	0	0	**0**	0	0
Termination benefits	**(47)**	0	(47)	**(47)**	0	(47)	**0**	0	0
Total employee benefits	**8,298**	**8,165**	**133**	**7,713**	**7,650**	**63**	**585**	**515**	**70**
Less recoveries in respect of employee benefits (table below)	**0**	0	0	**0**	**0**	**0**	**0**	**0**	**0**
Total - Net Employee Benefits including capitalised costs	**8,298**	**8,165**	**133**	**7,713**	**7,650**	**63**	**585**	**515**	**70**
Employee costs capitalised	**0**	0	0	**0**	0	0	**0**	0	0
Gross Employee Benefits excluding capitalised costs	**8,298**	**8,165**	**133**	**7,713**	**7,650**	**63**	**585**	**515**	**70**
Recognised as:									
Commissioning employee benefits	**8,298**			**7,713**			**585**		
Provider employee benefits	**0**			**0**			**0**		
Gross Employee Benefits excluding capitalised costs	**8,298**			**7,713**			**585**		

Employee Benefits - Prior- year

	Total £000	Permanently employed £000	Other £000
Employee Benefits Gross Expenditure 2011-12			
Salaries and wages	**6,944**	6,664	280
Social security costs	**601**	601	0
Employer Contributions to NHS BSA - Pensions Division	**880**	880	0
Other pension costs	**0**	0	0
Other post-employment benefits	**0**	0	0
Other employment benefits	**0**	0	0
Termination benefits	**1,033**	1,033	0
Total gross employee benefits	**9,458**	**9,178**	**280**
Less recoveries in respect of employee benefits	**0**	0	0
Total - Net Employee Benefits including capitalised costs	**9,458**	**9,178**	**280**
Employee costs capitalised	**0**	0	0
Gross Employee Benefits excluding capitalised costs	**9,458**	**9,178**	**280**
Recognised as:			
Commissioning employee benefits	**9,458**		
Provider employee benefits	**0**		
Gross Employee Benefits excluding capitalised costs	**9,458**		

7.2 Staff Numbers

	2012-13			2011-12		
	Total Number	Permanently employed Number	Other Number	Total Number	Permanently employed Number	Other Number
Average Staff Numbers						
Medical and dental	**1.60**	1.60	0.00	**2.70**	2.70	0.00
Administration and estates	**135.31**	135.31	0.00	**157.30**	157.20	0.10
Nursing, midwifery and health visiting staff	**9.71**	9.71	0.00	**10.90**	10.90	0.00
Scientific, therapeutic and technical staff	**6.75**	6.75	0.00	**7.30**	7.30	0.00
TOTAL	**153.37**	**153.37**	**0.00**	**178.20**	**178.10**	**0.10**
Of the above no staff were engaged on capital projects	**0.00**	0.00	0.00	**0.00**	0.00	0.00

7.3 Staff Sickness absence and ill health retirements

	2012-13 Number	2011-12 Number
Total Days Lost	**1,336**	**7,244**
Total Staff Years	**168**	**785**
Average working Days Lost	7.95	9.23

There were no staff retirements on the grounds of ill health in 2012/13 or 2011/12

7.4 Exit Packages agreed during 2012-13

Exit package cost band (including any special payment element)	2012-13 *Number of compulsory redundancies	*Number of other departures agreed	Total number of exit packages by cost band	2011-12 *Number of compulsory redundancies	*Number of other departures agreed	Total number of exit packages by cost band
	Number	Number	Number	Number	Number	Number
Lees than £10,000	**0**	**4**	**4**	6	0	**6**
£10,001-£25,000	**0**	**15**	**15**	2	0	**2**
£25,001-£50,000	**1**	**6**	**7**	2	0	**2**
£50,001-£100,000	**1**	**4**	**5**	2	0	**2**
£100,001 - £150,000	**0**	**1**	**1**	0	0	**0**
£150,001 - £200,000	**0**	**0**	**0**	0	0	**0**
>£200,000	**0**	**0**	**0**	0	0	**0**
Total number of exit packages by type (total cost	**2**	**30**	**32**	**12**	**0**	**12**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Total resource cost	106	929	**1,035**	272	0	**272**

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Redundancy Scheme. Where the PCT has agreed early retirements, the additional costs are met by the PCT and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

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

Both compulsory redundancies were in accordance with Agenda for Change

7.5 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

a) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. Actuarial assessments are undertaken in intervening years between formal valuations using updated membership data and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2013, is based on the valuation data as 31 March 2012, updated to 31 March 2013 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes were suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are developed as part of the reforms to public service pension provision due in 2015.

The Scheme Regulations were changed to allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next formal valuation to be used for funding purposes will be carried out at as at March 2012 and will be used to inform the contribution rates to be used from 1 April 2015.

c) Scheme provisions

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

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

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

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

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

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

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

8. Better Payment Practice Code

8.1 Measure of compliance

	2012-13 Number	2012-13 £000	2011-12 Number	2011-12 £000
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**15,295**	**125,877**	14,841	42,130
Total Non-NHS Trade Invoices Paid Within Target	**14,803**	**122,425**	14,660	41,844
Percentage of NHS Trade Invoices Paid Within Target	96.78%	97.26%	98.78%	99.32%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**3,290**	**268,393**	2,992	298,851
Total NHS Trade Invoices Paid Within Target	**3,029**	**267,733**	2,915	296,912
Percentage of NHS Trade Invoices Paid Within Target	92.07%	99.75%	97.43%	99.35%

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

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

There were no payments made for claims under this legislation or compensation cost paid to cover debt recovery costs under this legislation in 2012/13 or 2011/12.

9. Investment Income

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Rental Income				
PFI finance lease revenue (planned)	**0**	**0**	**0**	0
PFI finance lease revenue (contingent)	**0**	**0**	**0**	0
Other finance lease revenue	**0**	**0**	**0**	0
Subtotal	**0**	**0**	**0**	0
Interest Income				
LIFT: equity dividends receivable	**0**	**0**	**0**	0
LIFT: loan interest receivable	**71**	**0**	**71**	71
Other loans and receivables	**0**	**0**	**0**	0
Other financial assets	**0**	**0**	**0**	0
Subtotal	**71**	**0**	**71**	71
Total investment income	**71**	**0**	**71**	71

10. Other Gains and Losses

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

11. Finance Costs

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Interest				
Interest on obligations under finance leases	**0**	**0**	**0**	0
Interest on obligations under PFI contracts:				
- main finance cost	**0**	**0**	**0**	0
- contingent finance cost	**0**	**0**	**0**	0
Interest on obligations under LIFT contracts:				
- main finance cost	**1,162**	**0**	**1,162**	1,182
- contingent finance cost	**215**	**0**	**215**	151
Interest on late payment of commercial debt	**0**	**0**	**0**	0
Other interest expense	**0**	**0**	**0**	**1**
Total interest expense	**1,377**	**0**	**1,377**	**1,334**
Other finance costs	**0**	**0**	**0**	0
Provisions - unwinding of discount	**4**	**0**	**4**	4
Total	**1,381**	**0**	**1,381**	**1,338**

12.1 Property, plant and equipment

2012-13	Land £000	Buildings excluding dwellings £000	Plant & machinery £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation:						
At 1 April 2012	**3,721**	**23,839**	**1,494**	**1,674**	**307**	**31,035**
Additions of Assets Under Construction	0	0	0	0	0	**0**
Additions Purchased	0	977	14	(3)	0	**988**
Reclassifications	0	0	0	0	0	**0**
Reclassifications as Held for Sale	0	0	0	0	0	**0**
Disposals other than for sale	0	(75)	(396)	(546)	(17)	**(1,034)**
Upward revaluation/positive indexation	0	(1,434)	0	0	0	**(1,434)**
Unwinding of discount	0	43	0	0	0	**43**
Impairments/negative indexation	0	0	0	0	0	**0**
Reversal of Impairments	0	0	0	0	0	**0**
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	**0**
At 31 March 2013	**3,721**	**23,350**	**1,112**	**1,125**	**290**	**29,598**
Depreciation						
At 1 April 2012	**0**	**0**	**940**	**928**	**69**	**1,937**
Reclassifications	0	0	0	0	0	**0**
Reclassifications as Held for Sale	0	0	0	0	0	**0**
Disposals other than for sale	0	(75)	(396)	(546)	(17)	**(1,034)**
Upward revaluation/positive indexation	0	(1,557)	0	0	0	**(1,557)**
Impairments	0	761	18	120	4	**903**
Reversal of Impairments	0	(23)	0	0	0	**(23)**
Charged During the Year	0	894	146	165	32	**1,237**
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	**0**
At 31 March 2013	**0**	**0**	**708**	**667**	**88**	**1,463**
Net Book Value at 31 March 2013	**3,721**	**23,350**	**404**	**458**	**202**	**28,135**
Purchased	3,721	23,350	379	458	202	**28,110**
Donated	0	0	25	0	0	**25**
Government Granted	0	0	0	0	0	**0**
Total at 31 March 2013	**3,721**	**23,350**	**404**	**458**	**202**	**28,135**
Asset financing:						
Owned	856	5,040	404	458	202	**6,960**
Held on finance lease	585	0	0	0	0	**585**
On-SOFP LIFT contracts	2,280	18,310	0	0	0	**20,590**
LIFT residual: interests	0	0	0	0	0	**0**
Total at 31 March 2013	**3,721**	**23,350**	**404**	**458**	**202**	**28,135**

Revaluation Reserve Balance for Property, Plant & Equipment

	Land £000's	Buildings £000's	Plant & machinery £000's	Information technology £000's	Furniture & fittings £000's	Total £000's
At 1 April 2012	**1,659**	**103**	**0**	**0**	**0**	**1,762**
Movements (specify)	0	104	0	0	0	**104**
At 31 March 2013	**1,659**	**207**	**0**	**0**	**0**	**1,866**

Additions to Assets Under Construction in 2012-13

There were no assets under construction or additions to additionsto assets under construction in 2012/13

The movement in the Revaluation Reserve for Buildings is due to revaluation of Buildings of £123k, less the transfer to the General Fund of £18k relating to the historic depreciation adjustment and £1k relating to disposals.

12.2 Property, plant and equipment

2011-12	Land	Buildings excluding dwellings	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	**£000**
Cost or valuation:						
At 1 April 2011	**2,632**	**25,944**	**1,460**	**1,574**	**294**	**31,904**
Additions - purchased	0	448	90	187	13	**738**
Additions - donated	0	0	0	0	0	**0**
Additions - government granted	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	(9)	(15)	0	0	**(24)**
Disposals other than by sale	0	(13)	(41)	(87)	0	**(141)**
Revaluation & indexation gains	1,053	2	0	0	0	**1,055**
Unwinding of discount	0	41	0	0	0	**41**
Impairments	(6)	(158)	0	0	0	**(164)**
Reversals of impairments	0	0	0	0	0	**0**
In-year transfers to/from NHS bodies	0	0	0	0	0	**0**
Cumulative dep netted off cost following revaluation	0	(2,416)	0	0	0	**(2,416)**
At 31 March 2012	**3,679**	**23,839**	**1,494**	**1,674**	**307**	**30,993**
Depreciation						
At 1 April 2011	**0**	**1,645**	**858**	**847**	**38**	**3,388**
Reclassifications	0	0	0	0	0	**0**
Reclassifications as Held for Sale	0	0	(9)	0	0	**(9)**
Disposals other than for sale	0	(13)	(41)	(87)	0	**(141)**
Upward revaluation/positive indexation	0	0	0	0	0	**0**
Impairments	3	798	0	0	0	**801**
Reversal of Impairments	(45)	(871)	0	0	0	**(916)**
Charged During the Year	0	857	132	168	31	**1,188**
In-year transfers to/from NHS bodies	0	0	0	0	0	**0**
Cumulative dep netted off cost following revaluation	0	(2,416)	0	0	0	**(2,416)**
At 31 March 2012	**(42)**	**0**	**940**	**928**	**69**	**1,895**
Net Book Value at 31 March 2012	**3,721**	**23,839**	**554**	**746**	**238**	**29,098**
Purchased	3,721	23,839	519	746	238	**29,063**
Donated	0	0	35	0	0	**35**
Government Granted	0	0	0	0	0	**0**
At 31 March 2012	**3,721**	**23,839**	**554**	**746**	**238**	**29,098**
Asset financing:						
Owned	1,441	4,973	554	746	238	**7,952**
Held on finance lease	0	0	0	0	0	**0**
On-SOFP LIFT contracts	2,280	18,866	0	0	0	**21,146**
LIFT residual: interests	0	0	0	0	0	**0**
At 31 March 2012	**3,721**	**23,839**	**554**	**746**	**238**	**29,098**

12.3 Property, plant and equipment

All Land and Buildings included in the Statement of Financial Position at 31st March 2013 were valued by the Valuation Office Agency as at that date. In line with HM Treasury guidance, the revaluation on 31st March 2013 was on the basis of Modern Equivalent Asset for specialised operational property and Existing Use Value for non-specialised property. Building Values have decreased by £615k of which £738k has been charged to the Statement of Comprehensive Net Expenditure and £123k has been credited to the Revaluation Reserve.

Other impairments of £142k are as a result of the write down to recoverable amount of IT, Plant & Machinery and Furniture & Fittings.

The gross carrying amount of any fully depreciated assets still in use equates to £520k (£930k in 2011/12).

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

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

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in the Statement of Comprehensive Net Expenditure, in which case it is credited to the Statement of Comprehensive Net Expenditure to the extent of the decrease previously charged there. A revaluation decrease 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 the Statement of Comprehensive Net Expenditure. Gains and losses recognised in the revaluation reserve are reported in the Statement of Changes in Taxpayers' Equity.

12.4 Economic Lives of Property, Plant & Equipment

	Minimum Life (years)	Maximum Life (years)
Property, Plant and Equipment		
Buildings exc Dwellings	2	54
Plant & Machinery	0	8
Information Technology	1	7
Furniture and Fittings	7	9

13.1 Intangible non-current assets

2012-13	Software purchased £000	Total £000
At 1 April 2012	**112**	**112**
Additions - purchased	0	**0**
Disposals other than by sale	(48)	**(48)**
Revaluation & indexation gains	0	**0**
Impairments	0	**0**
In-year transfers to/from NHS bodies	0	**0**
At 31 March 2013	**64**	**64**
Amortisation		
At 1 April 2012	**96**	**96**
Disposals other than by sale	(48)	**(48)**
Revaluation or indexation gains	0	**0**
Impairments charged to operating expenses	0	**0**
Reversal of impairments charged to operating expenses	0	**0**
Charged during the year	12	**12**
In-year transfers to NHS bodies	0	**0**
At 31 March 2013	**60**	**60**
Net Book Value at 31 March 2013	**4**	**4**
Net Book Value at 31 March 2013 comprises		
Purchased	4	**4**
Donated	0	**0**
Government Granted	0	**0**
Total at 31 March 2013	**4**	**4**

Revaluation reserve balance for intangible non-current assets

There is no revaluation reserve balance for intangible non-current assets in 2012/13 and there wasn't one in 2011/12

13.2 Intangible non-current assets

2011-12	Software purchased £000	Total £000
At 1 April 2011	**132**	**132**
Additions - purchased	0	**0**
Disposals other than by sale	(20)	**(20)**
Impairments	0	**0**
Reversal of impairments	0	**0**
Cumulative dep netted off cost following revaluation	0	**0**
At 31 March 2012	**112**	**112**
Amortisation		
At 1 April 2011	**99**	**99**
Disposals other than by sale	(20)	**(20)**
Impairments charged to operating expenses	0	**0**
Reversal of impairments charged to operating expenses	0	**0**
Charged during the year	17	**17**
Less cumulative dep written down on revaluation	0	**0**
At 31 March 2012	**96**	**96**
Net Book Value at 31 March 2012	**16**	**16**
Net Book Value at 31 March 2012 comprises		
Purchased	16	**16**
Donated	0	**0**
Government Granted	0	**0**
Total at 31 March 2012	**16**	**16**

13.3 Intangible non-current assets

Software purchases have a finite life and are amortised over a period of 5 years. Due to the short life of the assets they are held at cost.

The gross carrying amount of any fully amortised assets (Computer Software) still in use is £40k (£54k in 2011/12).

13.4 Revaluation reserve balance for intangible assets

There are no revaluation reserve balances for intangible assets and there were none in 2011/12.

13.5 Economic Lives of Intangible assets

	Minimum Life (years)	Maximum Life (years)
Intangible Assets		
Software Licences	0	1

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

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000
Property, Plant and Equipment impairments and reversals taken to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Over-specification of assets	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	0		0
Changes in market price	880		880
Total charged to Annually Managed Expenditure	**880**		**880**
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve			
Loss or damage resulting from normal operations	0		
Over Specification of Assets	0		
Abandonment of assets in the course of construction	0		
Unforeseen obsolescence	0		
Loss as a result of catastrophe	0		
Other	0		
Changes in market price	0		
Total impairments for PPE charged to reserves	**0**		
Total Impairments of Property, Plant and Equipment	**880**	**0**	**880**
Inventories - impairments and reversals charged to SoCNE			
Loss or Damage Resulting from Normal Operations	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen Obsolescence	0		0
Loss as a Result of a Catastrophe	0		0
Other (Free text note required)*	0		0
Changes in Market Price	0		0
Total charged to Annually Managed Expenditure	**0**		**0**
Total impairments of Inventories	**0**	**0**	**0**
Total Impairments charged to Revaluation Reserve	0		
Total Impairments charged to SoCNE - DEL	0	0	0
Total Impairments charged to SoCNE - AME	880		880
Overall Total Impairments	**880**	**0**	**880**
Of which:			
Impairment on revaluation to "modern equivalent asset" basis	**0**	0	0
Donated and Gov Granted Assets, included above -			
PPE - Donated and Government Granted Asset Impairments: amount charged to SoCNE - DEL*	0	0	0
Intangibles - Donated and Government Granted Asset Impairments: amount charged to SoCNE -AME*	0	0	0

All Land and Buildings included in the Statement of Financial Position at 31st March 2013 were valued by the Valuation Office Agency as at that date. In line with HM Treasury guidance, the revaluation on 31st March 2013 was on the basis of Modern Equivalent Asset for specialised operational property and Existing Use Value for non-specialised property. Building Values have decreased by £615k of which £738k has been charged to the Statement of Comprehensive Net Expenditure and £123k has been credited to the Revaluation Reserve.

Other impairments of £142k are as a result of the write down to recoverable amount of IT, Plant & Machinery and Furniture & Fittings.

15 Investment property

The PCT does not have any investment property as at 31st March 2013 and didn't have any at 31st March 2012.

16 Commitments

16.1 Capital commitments

Contracted capital commitments at 31 March 2013 not otherwise included in these financial statements are nil and were nil at 31st March 2012.

16.2 Other Financial Commitments

The trust has entered into non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements), for delivery of healthcare services. The payments to which the PCT is committed are as follows

	31-Mar-13	31-Mar-12
	£000	£000
Not later than one year	**0**	0
Later than one year and not later than five year	**7,675**	7,723
Later than five years	**0**	0
Total	**7,675**	7,723

The PCT has entered into contracts with a number of NHS Acute Trusts and NHS Foundation Trusts for the provision of healthcare services. These contracts include an estimated contract value, but the amounts payable are based on actual activity delivered during the year which is based on patient choice as to where to receive treatment.

The PCT has obligations under contracts for delivery of primary medical services, including delivery of healthcare services by GPs, dentists, community optometrists and community pharmacists. These contracts have no end date and no fixed contract value as they include a mixture of fixed and variable amounts of payments.

17 Intra-Government and other balances

	Current receivables £000s	**Non-current receivables £000s**	**Current payables £000s**	**Non-current payables £000s**
Balances with other Central Government Bodies	327	0	688	0
Balances with Local Authorities	67	0	452	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	254	0	2,967	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	755	2,911	16,443	2,940
At 31 March 2013	**1,403**	**2,911**	**20,550**	**2,940**
prior period:				
Balances with other Central Government Bodies	805	0	1,611	0
Balances with Local Authorities	1	0	358	0
Balances with NHS Trusts and Foundation Trusts	244	0	3,053	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	854	3,057	18,144	2,988
At 31 March 2012	**1,904**	**3,057**	**23,166**	**2,988**

18 Inventories

	Consumables £000	Other £000	Total £000
Balance at 1 April 2012	**0**	**1**	**1**
Additions	0	0	**0**
Inventories recognised as an expense in the period	0	(1)	**(1)**
Balance at 31 March 2013	**0**	**0**	**0**

19.1 Trade and other receivables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
NHS receivables - revenue	**449**	857	**0**	0
NHS receivables - capital	**0**	0	**0**	0
NHS prepayments and accrued income	**0**	92	**0**	0
Non-NHS receivables - revenue	**170**	207	**0**	0
Non-NHS receivables - capital	**2**	0	**0**	0
Non-NHS prepayments and accrued income	**194**	208	**63**	69
Provision for the impairment of receivables	**(1)**	(98)	**0**	0
VAT	**132**	100	**0**	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	**140**	140	**2,848**	2,988
Operating lease receivables	**0**	0	**0**	0
Other receivables	**317**	398	**0**	0
Total	**1,403**	1,904	**2,911**	3,057
Total current and non current	**4,314**	4,961		
Included above:				
Prepaid pensions contributions	**0**	0		

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

19.2 Receivables past their due date but not impaired

	31 March 2013 £000	31 March 2012 £000
By up to three months	**97**	51
By three to six months	**17**	31
By more than six months	**1**	3
Total	**115**	85

19.3 Provision for impairment of receivables

	2012-13 £000	**2011-12 £000**
Balance at 1 April 2012	**(98)**	(98)
Amount written off during the year	**13**	1
Amount recovered during the year	**84**	8
(Increase)/decrease in receivables impaired	**0**	(9)
Balance at 31 March 2013	**(1)**	(98)

Only non nhs receivables have been included within the provision. The provision relates to the debt of a former salaried dentist whom we have no contact details for but who sporadically makes payments direct into the PCTs bank account.

20 NHS LIFT investments

	Loan £000	Share capital £000	Total £000
Balance at 1 April 2012	**450**	**1**	**451**
Additions	**0**	**0**	**0**
Disposals	**0**	**0**	**0**
Loan repayments	**0**	**0**	**0**
Loans repayable within 12 months	**(4)**	**0**	**(4)**
Balance at 31 March 2013	**446**	**1**	**447**
Balance at 1 April 2011	454	1	455
Additions	0	0	0
Disposals	0	0	0
Loan repayments	0	0	0
Loans repayable within 12 months	(4)	0	(4)
Balance at 31 March 2012	**450**	**1**	**451**

The PCT has a 10% shareholding in the BRAHM LIFT Company and this is represented by the equity investment of £1,000. In addition the PCT has invested the following amounts in the form of sub-ordinated debt

Tranche 1 LIFT schemes £212k
Tranche 2 LIFT schemes £234k

All schemes are fully operational (Alkrington, Nye Bevan House, The Phoenix Centre and The Croft Shifa Centre)

21.1 Other financial assets - Current

	31 March 2013 £000	31 March 2012 £000
Opening balance 1 April	4	4
Transfers (to)/from Other Public Sector Bodies in year	0	0
Other Movements	0	0
Closing balance 31 March	**4**	4

21.2 Other Financial Assets - Non Current

	31 March 2013 £000	31 March 2012 £000
Opening balance 1 April	**451**	455
Additions	0	0
Revaluation	0	0
Impairments	0	0
Impairment Reversals	0	0
Transferred to current financial assets	(4)	(4)
Disposals	0	0
Transfers (to)/from Other Public Sector Bodies in year	0	0
Total Other Financial Assets - Non Current	**447**	451

21.3 Other Financial Assets - Capital Analysis

	31 March 2013 £000	31 March 2012 £000
Capital Expenditure	**0**	0
Capital Income	**(4)**	0

22 Other current assets

The PCT had no other current assets under the EU Emissions Trading Scheme in either 2012/13 or 2011/12

23 Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Opening balance	**4**	7
Net change in year	**202**	(3)
Closing balance	**206**	4
Made up of		
Cash with Government Banking Service	**206**	3
Cash in hand	**0**	1
Cash and cash equivalents as in statement of financial position	**206**	4
Bank overdraft - Government Banking Service	**0**	0
Cash and cash equivalents as in statement of cash flows	**206**	4
Patients' money held by the PCT, not included above	**0**	0

24 Non-current assets held for sale

	Land	Buildings, excl. dwellings	Plant and Machinery	Total
	£000	£000	£000	£000
Balance at 1 April 2012	0	0	0	**0**
Plus assets classified as held for sale in the year	0	0	0	**0**
Less assets sold in the year	0	0	0	**0**
Less impairment of assets held for sale	0	0	0	**0**
Plus reversal of impairment of assets held for sale	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	**0**
Transfers (to)/from other public sector bodies	0	0	0	**0**
Revaluation	0	0	0	**0**
Balance at 31 March 2013	**0**	**0**	**0**	**0**
Liabilities associated with assets held for sale at 31 March 2013	**0**	**0**	**0**	**0**
				0
Balance at 1 April 2011	170	290	0	**460**
Plus assets classified as held for sale in the year	0	9	6	**15**
Less assets sold in the year	(170)	(190)	(6)	**(366)**
Less impairment of assets held for sale	0	(109)	0	**(109)**
Plus reversal of impairment of assets held for sale	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	**0**
Balance at 31 March 2012	**0**	**0**	**0**	**0**
Liabilities associated with assets held for sale at 31 March 2012	0	0	0	**0**

There were no revaluation reserve balances in respect of non-current assets held for sale at 31st March 2012 or 31st March 2013

25 Trade and other payables

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Interest payable	**0**	0		
NHS payables - revenue	**2,050**	3,278	**0**	0
NHS payables - capital	**0**	0	**0**	0
NHS accruals and deferred income	**1,598**	984	**0**	0
Family Health Services (FHS) payables	**0**	0		
Non-NHS payables - revenue	**9,896**	10,974	**0**	0
Non-NHS payables - capital	**24**	278	**0**	0
Non_NHS accruals and deferred income	**5,874**	7,318	**0**	0
Social security costs	**2**	91		
VAT	**0**	0	**0**	0
Tax	**121**	101		
Payments received on account	**145**	140	**2,940**	2,988
Other	840	2	0	0
Total	**20,550**	23,166	**2,940**	2,988
Total payables (current and non-current)	**23,490**	**26,154**		

There are no values or cases included above to buy out the liability for early retirements over 5 years for either financial years

Outstanding pension contributions at year end (£000s)	0	111

Included within the Non NHS payables line is a value for the Prescription pricing authority of £8,619k

26 Other liabilities

The PCT has no liabilities in terms of LIFT deferred credit, lease incentives or any other liabilities and had none in 2011/12

27 Borrowings

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
LIFT liabilities:				
Main liability	**448**	417	**25,622**	26,027
Lifecycle replacement received in advance	**0**	0	**0**	0
Finance lease liabilities	**0**	0	**0**	0
Total	**448**	**417**	**25,622**	**26,027**
Total other liabilities (current and non-current)	**26,070**	**26,444**		

Borrowings/Loans - Payment of Principal Falling Due in:

	Other	**Total**
	£000s	**£000s**
0 - 1 Years	448	**448**
1 - 2 Years	296	**296**
2 - 5 Years	951	**951**
Over 5 Years	24,375	**24,375**
TOTAL	**26,070**	**26,070**

28 Other financial liabilities

The PCT has no financial liabilities carried at fair value through profit and loss.

29 Deferred income

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Opening balance at 1 April 2012	**140**	153	**2,988**	3,127
Deferred income addition	**5**	0	**93**	0
Transfer of deferred income	**0**	(13)	**(141)**	(139)
Current deferred Income at 31 March 2013	**145**	140	**2,940**	2,988
Total other liabilities (current and non-current)	**3,085**	**3,128**		

The deferred income above is in relation to a new deal grant which was received to contribute towards the Phoenix LIFT scheme. This is released on an annual basis in line with the LIFT payments. The deferred income addition is in relation to income received for a pharmacy lease which is released over the 20 year lease period.

30 Finance lease obligations

The only finance leases that the PCT has are in relation to 4 long term land leases. However, there are no annual payments made for these as the payments were made in full at the time of inception of the lease.

IAS 17 has been revised by the IASB, and this revision applies to the NHS in 2012-13. In brief, the presumption that a land lease will always be an operating lease is removed, and entities now need to consider whether leases of land (either as lessor or lessee) should be accounted for as operating or finance leases, applying the normal tests outlined in the Standard.

Land Finance Leases as at 31st March 2013

Location	**Land Value as at 1st April 2012**	**Revaluations during 2012/13**	**Land Value as at 31st March 2013**
	£000	£000	**£000**
Milnrow Health Centre	60	0	60
Whitworth Clinic	120	0	120
Durnford Street Clinic	55	0	55
Callaghan House	350	0	350
Total Land Finance Leases	**585**	**0**	**585**

The fair value of the 4 long term Land Leases has been provided by the Valuation Office Agency.

31 Finance lease receivables as lessor

The PCT has no finance leases as a lessor.

32 Provisions

Comprising:

	Total £000s	Pensions to Former Directors £000s	Legal Claims £000s	Restructuring £000s	Continuing Care £000s	Other £000s	Redundancy £000s
Balance at 1 April 2012	**1,979**	0	12	0	0	889	1,078
Arising During the Year	**473**	0	0	0	399	8	66
Utilised During the Year	**(288)**	0	(3)	0	0	(151)	(134)
Reversed Unused	**(1,323)**	0	(5)	0	0	(374)	(944)
Unwinding of Discount	**4**	0	0	0	0	4	0
Change in Discount Rate	**6**	0	0	0	0	6	0
Transferred (to)/from otherPublic Sector bodies	**0**	0	0	0	0	0	0
Balance at 31 March 2013	**851**	**0**	**4**	**0**	**399**	**382**	**66**
Expected Timing of Cash Flows:							
No Later than One Year	**713**	**0**	**4**	**0**	**399**	**244**	**66**
Later than One Year and not later than Five Years	**33**	**0**	**0**	**0**	**0**	**33**	**0**
Later than Five Years	**105**	**0**	**0**	**0**	**0**	**105**	**0**

Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:	
As at 31 March 2013	305
As at 31 March 2012	180

Other provisions relate to £202k for potential dilapidation costs when PCT leased buildings are vacated, £33k for an outstanding LD issue and £147k for the injury benefit scheme. The injury benefit provision has been based on the information available to inform potential costs.

33 Contingencies

Contingent liabilities
Following the providing for 100% of provisions in 2011/12 the PCT had no contingent liabilities in 2011/12 and has none in 2012/13.

Contingent Assets	**31 March 2013 £000**	31 March 2012 £000
Legal charges on properties	**1,292**	1,292
Net Value of Contingent Assets	**1,292**	1,292

The PCT has a legal charge over twelve residential properties related to the Learning Disabilities Service with a value of £897k. The legal charges relate to the transfer of properties from the PCT to Housing Associations originally under section 28A of the National Health Service Act 1977 and Section 64 of the Health Service and Public Health Act 1968. The PCT also has a legal charge over one residential property with a value of £395k resulting from a Capital Grant funded from the National Treatment Agency.

34 LIFT - additional information

The PCT has four LIFT schemes Alkrington, Nye Bevan House, The Phoenix Centre and The Croft Shifa Health Centre which are all contracted to NHS Heywood, Middleton & Rochdale under a Lease Plus Agreement (LPA) over a period of 25 years.

The schemes commenced on the following dates:

Alkrington March 2008
Nye Bevan House October 2008
The Phoenix Joint Service Centre August 2009
The Croft Shifa Health Centre November 2009

The LPA price will be adjusted on an annual basis in line with the Retail Price Index (RPI). After the lease term of 25 years, the PCT has three options, option one, buy the property, option two, renew the lease for another agreed period, option three, the right not to renew.

Under IFRIC 12, the asset is treated as an asset of the trust; that the substance of the contract is that the trust has a finance lease and payments comprise two elements – imputed finance lease charges and service charges.

34.1 Charges to operating expenditure and future commitments in respect of on SOFP LIFT

Charges to operating expenditure and future commitments in respect of on SOFP LIFT	**31 March 2013**	31 March 2012
	£000	£000
Total Charge to Operating Expenses in year - OFF SOFP LIFT	**0**	0
Service element of on SOFP LIFT charged to operating expenses in year	**1,239**	1,197
Total	**1,239**	1,197

	31 March 2013	31 March 2012
	£000	£000
Payments committed to in respect of the service element of on SOFP LIFT.		
LIFT Scheme Expiry Date:		
No Later than One Year	**1,115**	1,072
Later than One Year, No Later than Five Years	**4,780**	4,595
Later than Five Years	**25,703**	26,631
Total	**31,598**	32,298

34.2 Imputed "finance lease" obligations for on SOFP LIFT Contracts due

Imputed "finance lease" obligations for on SOFP LIFT Contracts due	**31 March 2013**	31 March 2012
	£000	£000
No Later than One Year	**1,589**	1,579
Later than One Year, No Later than Five Years	**5,638**	5,784
Later than Five Years	**42,476**	43,920
Subtotal	**49,703**	51,283
Less: Interest Element	**(23,634)**	(24,839)
Total	**26,069**	26,444

35 Impact of IFRS treatment - 2012-13

	Total	Admin	Programme
	£000	£000	£000
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g LIFT/PFI)			
Depreciation charges	**359**	0	359
Interest Expense	**1,377**	0	1,377
Impairment charge - AME	**218**	0	218
Impairment charge - DEL	**0**	0	0
Other Expenditure	**1,099**	0	1,099
Revenue Receivable from subleasing	**0**	0	0
Total IFRS Expenditure (IFRIC12)	**3,053**	**0**	**3,053**
Revenue consequences of LIFT/PFI schemes under UK GAAP / ESA95 (net of any sublease income)	**(2,892)**	0	(2,892)
Net IFRS change (IFRIC12)	**161**	**0**	**161**

Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12	
Capital expenditure 2012-13	0
UK GAAP capital expenditure 2012-13 (Reversionary Interest)	0

36 Financial Instruments

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

Currency risk

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

Interest rate risk

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

Credit Risk

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

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

36.1 Financial Assets	**At 'fair value through profit and loss'**	**Loans and receivables**	**Available for sale**	**Total**
	£000	**£000**	**£000**	**£000**
Embedded derivatives	0	0	0	**0**
Receivables - NHS	0	449	0	**449**
Receivables - non-NHS	0	518	0	**518**
Cash at bank and in hand	0	206	0	**206**
Other financial assets	0	446	1	**447**
Total at 31 March 2013	**0**	**1,619**	**1**	**1,620**
Embedded derivatives	0	0	0	0
Receivables - NHS	0	857	0	857
Receivables - non-NHS	0	507	0	507
Cash at bank and in hand	0	4	0	4
Other financial assets	0	454	1	455
Total at 31 March 2012	0	1,822	1	1,823

36.2 Financial Liabilities	**At 'fair value through profit and loss'**	**Other**	**Total**
	£000	**£000**	**£000**
Embedded derivatives	0	0	**0**
NHS payables	0	3,649	**3,649**
Non-NHS payables	0	16,636	**16,636**
Other borrowings	0	26,070	**26,070**
PFI & finance lease obligations	0	0	**0**
Other financial liabilities	0	0	**0**
Total at 31 March 2013	**0**	**46,355**	**46,355**
Embedded derivatives	0	0	0
NHS payables	0	4,262	4,262
Non-NHS payables	0	18,572	18,572
Other borrowings	0	26,444	26,444
PFI & finance lease obligations	0	0	0
Other financial liabilities	0	0	0
Total at 31 March 2012	**0**	49,278	49,278

37 Related party transactions

Related party details for members of NHS Greater Manchester Trust Board

	Transactions with Related Parties 2012/13				Transactions with Related Parties 2011/212			
	Payments to Related Party £000s	Receipts from Related Party £000s	Amounts owed to Related Party £000s	Amounts due from Related Party £000s	Payments to Related Party £000s	Receipts from Related Party £000s	Amounts owed to Related Party £000s	Amounts due from Related Party £000s
Alan Dow, Member Clinical Strategy Board, NHS Greater Manchester								
Wife is an Anaesthetist at Tameside NHS Foundation Trust	608		2		342		19	
Anne Talbot, Member Clinical Strategy Board, NHS Greater Manchester								
Husband is a Consultant Neurologist at Salford Royal NHS Foundation Trust and also	6,157		116		5,028	159	1,078	159
at Stockport NHS Foundation Trust	189		4		195		15	
Chris Duffy, Member Clinical Strategy Board, NHS Greater Manchester								
Wife is a Consultant at Pennine Acute Hospitals NHS Trust	132,686	6	2,399		132,406	16	373	1
Hamish Steadman, Member Clinical Strategy Board, NHS Greater Manchester								
Wife runs the Diabetes team at Salford Royal NHS Foundation Trust	6,157		116		5,028	159	1,078	159
Iain Williamson, Member Clinical Strategy Board, NHS Greater Manchester								
Wife is Programme Director of Integrated Care at Central Manchester University Hospitals NHS Foundation Trust	9,060			50	8,431		128	
David Edwards Non Executive Director								
NED Hope Citadel Healthcare CIC	1,016				870	1		
Hospital Manager Manchester Mental Health Trust	278		21		338		14	
Council Member Pennine Care Foundation Foundation Trust	55,738	2,796	35	38	56,457	2,630	257	49
Mike Burrows, Chief Executive, NHS greater Manchester								
Brother works at Central Manchester University Hospitals NHS Foundation Trust	9,060			50	8,431		128	
Sister in Law, works at Pennine Acute Hospitals NHS Trust	132,686	6	2,399		132,406	16	373	1

37.1 Related party transactions

During the year some of the Trust Board members or members of the key management staff, or parties related to them, have undertaken material transactions with Heywood, Middleton & Rochdale Primary Care Trust.

Details of related party transactions with individuals are as follows:

		Payments to Related Party £	Receipts from Related Party £	Amounts owed to Related Party £	Amounts due from Related Party £
Alan Cook	Daughter employed at Pennine Acute Hospital Trust	132,686,000	6,000	2,399,000	0
Dr Chris Duffy	Partner Argyle St Practice	914,462			
	Wife employed at PAHT				
David Edwards	NED Hope Citadel Healthcare CIC	1,016,017			
	Hospital Manager Manchester Mental Health Trust	278,000	0	21,000	0
	Council Member Pennine Care Foundation Foundation Trust	55,738,000	2,796,000	35,000	38,000
Dr Lynn Hampson	Dr Lynn Hampson NED GPCARE Community Interest Company	0			
	Minority Shareholder GPCARE Services	135,573			
	Partner Stonefield Street Surgery	1,128,265			
	Husband GP in Bury and IT lead for Bury CCG				
Ian Mello	Wife works for AQUA				
Dr Paul Laker	Partner Littleborough Group Practice	954,483			
	Shareholder GPCare Services				
	Wife employed at PAHT				
DR Hazel Platts	Partner Ashworth St Surgery Group Practice	1,422,547			
	Shareholder Westdale Healthcare Ltd				
	Husband is a Partner at Castleton Health Centre	1,764,292			
Dr Richard Verity	Minority Stakeholder Rochdale West LLP				
	Chair Rochdale & Bury LMC				
Dr Robert Wood	Director Internet Pharmacy	6,652			
	Partner Heady Hill Surgery	460,246			
Dr Tim Anglin	Company Secretary & 50% owner Leela Ltd	8,936			
Wendy Craven	Shared owner Craven & Murray Opticians	17,819			
Paul Cheetham	Director Paul Cheetham Eyecare Ltd	87,442			
	Chairman LOC				
Ian Short	Chief Officer Rochdale LPC				
	Sole trader / locum pharmacist				

Comparator Figures for 2010/11 are

		Payments to Related Party £	Receipts from Related Party £	Amounts owed to Related Party £	Amounts due from Related Party £
Alan Cook	Daughter employed at Pennine Acute Hospital Trust	132,406,000	16,000	373,000	1,000
Dr Chris Duffy	Partner Argyle St Practice	711,786			
	Wife employed at PAHT				
David Edwards	NED Hope Citadel Healthcare CIC	937,136	1,220		
	Hospital Manager Manchester Mental Health Trust	338,000		14,000	
	Council Member Pennine Care Foundation Foundation Trust	56,457,000	2,630,000	257,000	49,000
Dr Lynn Hampson	Dr Lynn Hampson NED GPCARE Community Interest Company	628,505			
	Minority Shareholder GPCARE Services				
	Partner Stonefield Street Surgery	1,012,003			
	Husband GP in Bury and IT lead for Bury CCG				
Ian Mello	Wife works for AQUA				
Dr Paul Laker	Partner Littleborough Group Practice	831,964			
	Shareholder GPCare Services	627,570			
	Wife employed at PAHT				
DR Hazel Platts	Partner Ashworth St Surgery Group Practice	1,107,499	88		
	Shareholder Westdale Healthcare Ltd	108,000			
	Husband is a Partner at Castleton Health Centre	1,109,906	1,060		
Dr Richard Verity	Minority Stakeholder Rochdale West LLP	90,134			
	Chair Rochdale & Bury LMC				
Dr Robert Wood	Director Internet Pharmacy	2,522			
	Partner Heady Hill Surgery	356,879			
Dr Tim Anglin	Company Secretary & 50% owner Leela Ltd				
Wendy Craven	Shared owner Craven & Murray Opticians	18,685			
Paul Cheetham	Director Paul Cheetham Eyecare Ltd	89,220			
	Chairman LOC				
Ian Short	Chief Officer Rochdale LPC				
	Sole trader / locum pharmacist				

The Department of Health is regarded as a related party. During the year Heywood, Middleton & Rochdale PCT has had a significant number of material transactions with the Department,
NHS Pensions Agency
NHS Litigation Authority
NHS Business Services Authority

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

Heywood Middleton & Rochdale PCT also had a number of material transactions with the NHS Trusts detailed below:

	2012/13 Expenditure £'000	Income £'000	2011/12 Expenditure £'000	Income £'000
Pennine Acute Hospitals NHS Trust	132,686	6	132,406	16
Pennine Care NHS Foundation Trust	55,738	2,796	56,457	3,216
Central Manchester & Manchester University Hospitals Trust	9,060	0	8,431	0
Bury PCT	348	584	659	683
Salford Royal Foundation Trust	6,157	0	5,028	159
Western Cheshire PCT	32,976	0	25,128	379
The Christie Hospital NHS Foundation Trust	5,178	0	6,627	0
University Hospital of South Manchester Foundation Trust	3,108	0	2,500	0
Oldham PCT	135	1,148	670	943
Stockport PCT	90	8	6,077	12
Blackpool PCT	7,428	0	7,520	0

38 Losses and special payments

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

	Total Value of Cases £s	Total Number of Cases
Losses - PCT management costs	15,924	16
Special payments - PCT management costs	0	0
Losses in respect of the provision of family practitioner services	0	0
Special payments in respect of he provision of family practitioner services	0	0
Total losses	15,924	16
Total special payments	0	0
Total losses and special payments	15,924	16

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

	Total Value of Cases £s	Total Number of Cases
Losses - PCT management costs	413	4
Special payments - PCT management costs	3656	4
Losses in respect of the provision of family practitioner services	0	0
Special payments in respect of he provision of family practitioner services	0	0
Total losses	413	4
Total special payments	3,656	4
Total losses and special payments	4,069	8

39 Third party assets

The PCT did not hold any third party assets as at 31st March 2013

40 Cashflows relating to exceptional items

There are no cashflows relating to exceptional items

41.1 Events after the end of the reporting period

The PCT is not anticipating any non-adjusting events after the reporting period other than its disolution.

The main functions carried out by Heywood, Middleton and Rochdale PCT in 2012-13 are to be carried out in 2013-14 by the following public sector bodies:

NHS Heywood, Middleton & Rochdale CCG
The National Commissioning Board for primary and specialist commissioning including offender health
Rochdale MBC for Public Health responsibilities
NHS Property Services

All properties previously owned or managed by the PCT have been transferred to
NHS Property Services
Community Health Partnerships for LIFT buildings
Pennine Care Foundation Trust for all wholly occupied community buildings

Certain assets have transferred to NHS Property Services and other entities, identified above, on 1st April 2013. These were considered operational at the year end, and so have not been impaired in the PCT books. It is for the successor body to consider whether, in 2013-14, it is necessary to review these for impairment.

Successor Body

Heywood, Middleton & Rochdale Clinical Commissioning Group
Pennine Care Foundation Trust
Community Health Partnerships
Department of Health
National Commissioning Board
NHS Property Services
Commissioning Support Unit