Department of Health

NHS

Kirklees Primary Care Trust

2012-13 Annual Report and Accounts

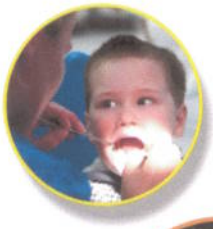
Published to gov.uk, in PDF format only.

www.gov.uk/dh

Kirklees Primary Care Trust

2012-13 Annual Report

NHS
Kirklees








Annual Report 2012-13

CONTENTS

FOREWORD

Welcome to our Annual Report for 2012/13 from Angela Monaghan, Chair and Mike Potts, Chief Executive

This has been a momentous year for the NHS, nationally and locally, as the Health and Social Care Act 2012 became law, heralding the end of Primary Care Trusts (PCTs) and the advent of new Clinical Commissioning Groups (CCGs).

Consequently, this is the last Annual Report for NHS Kirklees. The GP-led CCGs will assume responsibility for commissioning most local health care services from April 1 2013, bringing the voice of the patient closer to the boardroom.

Business as usual for local people

This year marks the culmination of a massive change process lasting over two years, and we have worked hard to make sure that the NHS locally is in good shape to meet the requirements of the new Health and Social Care Act. Despite the upheaval of the large scale changes required, we are pleased to report that it has still been business as usual for local people. NHS professionals are still committed to helping local people lead healthier lives, and continue to work to improve health and social care services both in hospitals and in the community.

Calderdale, Kirklees and Wakefield District working together

The PCT Cluster has been led by one Board, with one Chair and one Chief Executive. However, while coming together under one Board, the three PCTs did not merge; each continued as a statutory body in its own right, until the abolition of the PCTs at the end of March 2013.

The benefits of clustering have been substantial, enabling us to secure resilience during transition, helping us to make efficiency savings and, crucially, allowing us to provide robust support for the emerging CCGs as they prepared to take over the commissioning reins. There will be more about the CCGs later on in this report.

Patients and local people have been at the centre of everything we have done and even at this time of major change we have continued to maintain our focus on quality, ensuring patients received the best possible clinical outcomes of their treatment and that they have had a good experience of local NHS services.

In February, Robert Francis QC published his report into the events at Mid Staffordshire Hospital. The report made harrowing reading for all of us who work in and are responsible for commissioning and managing NHS services. The challenge for the new system will be to embrace his recommendations and ensure that they become embedded into the NHS of the future so that the mistakes made at Mid Staffordshire Hospital are never repeated.

Our commitment

So, change and challenge have been the backdrop to all the achievements of the year and it is a tribute to both the commitment of our staff and the constructive support of our partners in the public, private and voluntary sectors that we have continued to see improvements in services and care. We were determined that local people should have confidence in local health services, and that people who currently have some of the poorest health outlooks in the country should have a healthier future.

Mike Potts
Chief Executive

Angela Monaghan
Chair

THE CHANGING FACE OF THE NHS

Different organisations have come into being as a result of the reforms embodied in the Health and Social Care Act 2012. These include: clinical commissioning groups, NHS England (formerly the National Commissioning Board) and Health and Wellbeing Boards, as well as arrangements for the transition of public health responsibilities to local authorities.

Here you will find a guide to the key elements of these changes:

GP practices have come together into **clinical commissioning groups (CCGs)** and from April 2013 they took over the majority of the commissioning responsibilities which previously have been carried out by the local PCT (NHS Kirklees). Other health professionals and lay members are included on the Boards of the CCGs.

Clinical commissioning groups worked in 'shadow' form until they took over the shaping and commissioning (buying) of local health services from the Primary Care Trusts on 1 April 2013. They were set a series of priorities to work towards:

- Keeping people safe
- Preventing premature death
- Improving quality of life for people with long-term conditions
- Supporting recovery from injury and illness
- Creating a positive patient experience

Each of England's 211 CCGs went through a rigorous authorisation process to prove to NHS England that they were properly constituted and had the ability to function properly and legally. This included interviews and assessments for the Chairs and Chief Officers; submitting documents to prove that the CCG had policies and procedures either in place or as a work-in-progress, and a final assessment day.

During the assessment day, members of each CCG's Governing Body were closely questioned about the work, priorities and plans to assure the inspection team that the organisation really was ready and able to take on local leadership of the NHS. If there were any concerns, they were expressed as conditions.

The CCGs were assessed in waves:

- NHS Greater Huddersfield CCG was in wave two and was authorised without conditions.
- NHS North Kirklees CCG was in wave four and was authorised without conditions.

Strategic health authorities (SHAs) were created to manage the local NHS on behalf of the Secretary of State for Health. They were abolished on 31 March 2013.

Primary care trusts (PCTs), including NHS Kirklees, were abolished at the end of March 2013 and the majority of the PCT's public health responsibilities transferred to Kirklees Council.

Commissioning support units (CSU): These organisations were set up to provide specialist commissioning support which is available to CCGs, if required. The cluster approach to developing commissioning support was to work in partnership with the CCGs to understand what they would need and whether they would want to build their own capacity, buy it in or share with other organisations. A key decision was to develop a CSU across West and South Yorkshire and Bassetlaw.

The Local Involvement Network (LINk) was transformed into **HealthWatch** on 1 April 2013. Its purpose is to ensure that the views and feedback from patients and carers are an integral part of local commissioning across health and social care.

Health and wellbeing boards bring together key decision makers to set a clear direction for the commissioning of healthcare, social care and public health, and to drive the integration of services across communities. CCG representatives are members of these Boards, and each has already been working in shadow form, building on existing relationships and developing their joint agenda to create a **Joint Health and Wellbeing Strategy** and **Joint Strategic Needs Assessment** (JSNA)

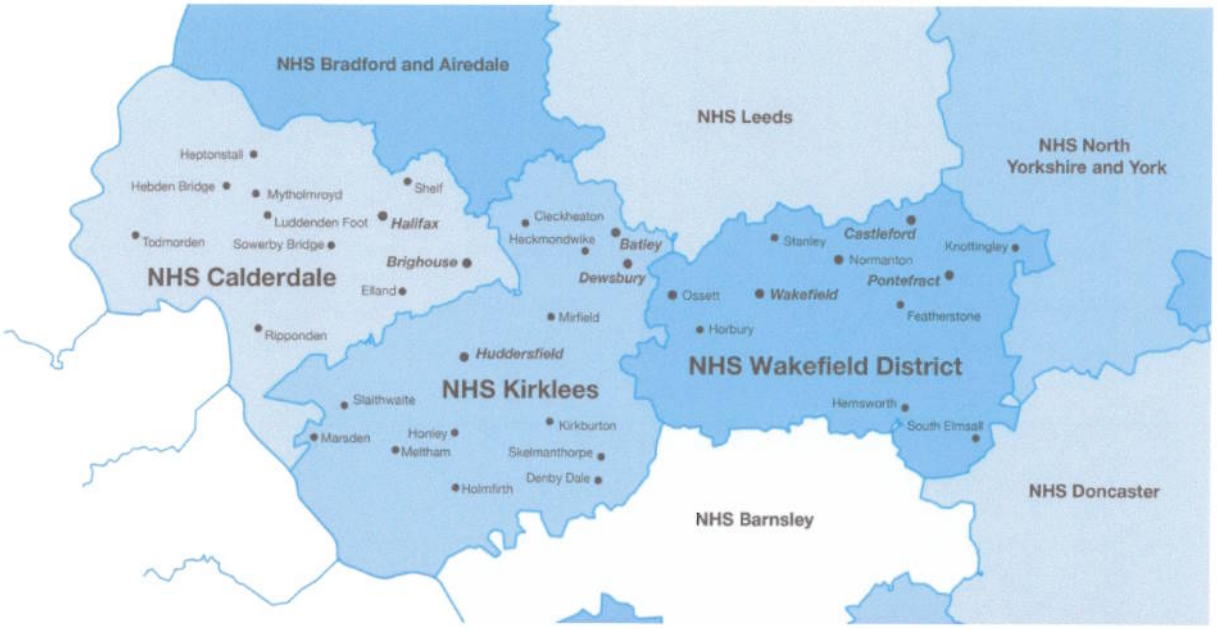
The **Kirklees Health and Wellbeing Board** brings together key representatives from the clinical commissioning groups with local councillors, public health, social care and HealthWatch Kirklees. The aim of the Board is to work together and develop a strategy for improving the health and wellbeing of the people within the Kirklees area.

You can read more about the Kirklees Health and Wellbeing Strategy at

http://www.kirklees.gov.uk/you-kmc/partners/kirkleesPartnership/pdf/healthStrategy.pdf

There are also a number of new national bodies which will set the direction for local services, including **NHS England**, **Public Health England** and **HealthWatch England**.

ABOUT US - NHS KIRKLEES



Until 1 April 2013, NHS Kirklees was the NHS organisation responsible for all health services delivered in the local community to over 420,000 people across Kirklees.

PCTs have been responsible for improving the health and wellbeing of local people and for making sure that NHS services are in place to meet their needs. They commissioned – that is, planned and paid for – services from others, including GPs, dentists, pharmacists, opticians, voluntary organisations and local and specialist hospitals. They were accountable for ensuring the availability of accessible, high quality and safe services.

There are 71 general practices in the area, 60 dental practices, 98 pharmacies and 45 opticians. NHS Kirklees employed more than 233 staff.

Other NHS services locally are:

- acute hospital services provided by: The Mid Yorkshire Hospitals NHS Trust at Dewsbury and District Hospital and Calderdale and Huddersfield NHS Foundation Trust in Huddersfield
- mental health services provided by South West Yorkshire Partnership Foundation Trust
- community nursing, therapies and other local healthcare provided by Locala Community Partnerships, a social enterprise
- emergency ambulances and patient transport provided by Yorkshire Ambulance Service.

Changes to the structure of the NHS across England mean that all PCTs, including Kirklees, were abolished on 31 March 2013 when NHS Greater Huddersfield Clinical Commissioning Group and NHS North Kirklees Clinical Commissioning Group took over our responsibilities.

The new Clinical Commissioning Groups (CCGs) are publicly accountable statutory organisations made up of local GPs and their practice teams, nurses, hospital consultants, nurses and lay people who are working together to lead and improve the NHS in the Kirklees district.

The Government introduced CCGs in the 2012 Health and Social Care Act because it believed that medical professionals are closer to their patients, understand local health needs and are in the best place to make important decisions about buying health services to keep their patients healthy. This means that all of Kirklees district's GP practices are involved in commissioning healthcare for the local population.

These changes in the structure of the NHS mean local clinicians have greater control in delivering health services.

During 2012/13 we continued to provide our robust support to the emerging CCGs to ensure they were ready to take on their full commissioning responsibilities from April 2013.

Major health and social care challenges for Kirklees

The Kirklees Joint Strategic Needs Assessment (JSNA) outlines the need for co-ordinated action to:

- increase opportunities for children and young people to reach their potential.
- encourage positive mental health, particularly enabling more people to develop appropriate coping behaviours and resilience to stress.
- reduce levels of smoking.

and to recognise and focus on:

- the crucial role of: families in shaping young people as members of the community; young adults; potential parents themselves and in caring for vulnerable people; and the vital role of women as mothers.
- the rising numbers of older people, which, together with the increase in life expectancy, will result in more people becoming vulnerable for longer unless positive actions are implemented.

A number of factors and influences affect health and wellbeing across Kirklees, including:

- geography - particularly affecting Batley, Dewsbury and the south of Huddersfield.
- populations – for example, looked after children, women of childbearing age, offenders.
- issues - such as rising levels of obesity (due to poor diet and/or physical inactivity) leading to diabetes in later life, smoking, people with physical disability, educational attainment and availability of work.

For more information read the Kirklees JSNA, published by the Kirklees Partnership, at http://www.kirklees.gov.uk/community/statistics/jsna/jsna.shtml

MEET THE BOARD

NHS Calderdale, Kirklees and Wakefield District PCT Cluster

NHS Calderdale, Kirklees and Wakefield District Primary Care Trusts (PCTs) became a Cluster in June 2011. Each PCT continued to be a statutory organisation in its own right, but all three were managed by a single Board which came into being on 1 October 2011.

The NHS Calderdale, Kirklees and Wakefield District Cluster Board was made up of the Chair, seven non-executive directors and six directors. The Board met in public every two months with meetings held at locations around Calderdale, Kirklees and Wakefield.

Mike Potts was Chief Executive for the Cluster whilst Angela Monaghan was the Cluster Chair.

The Board was responsible for the strategy, plans and performance of NHS Calderdale, Kirklees and Wakefield District, and it assessed the delivery of health services in the locality. The Board made sure any necessary changes were made to ensure high quality services were delivered.

The executive directors during 2012-13 were:

Mike Potts - Chief Executive
Ann Ballarini - Executive Director of Commissioning and Service Development
Sue Cannon - Executive Director of Quality and Governance (Nursing)
Ian Currell - Executive Director of Finance and Efficiency
Dr Damian Riley - Executive Medical Director (Airedale, Bradford & Leeds)
Dr Graham Wardman, Dr Judith Hooper and Dr Andrew Furber – Executive Director of Public Health (shared one executive director position)

The non-executive directors were:

Angela Monaghan - Chair
Roger Grasby - Vice Chair
Ann Liston
Sandra Cheseldine
Mehboob Khan
Roy Coldwell
Tony Gerrard
Keith Wright (Audit Committee Chair)

Audit and Remuneration Committees

In 2012/13 NHS Calderdale, Kirklees and Wakefield District were served by a Cluster Audit Committee and Cluster Remuneration Committee.

The Cluster Audit Committee members were:

Sandra Cheseldine (NHS Wakefield)
Keith Wright (NHS Calderdale) - chair
Tony Gerrard (NHS Kirklees)

Members of the Cluster Remuneration Committee were:

Ann Liston (NHS Calderdale) - chair
Mehboob Khan (NHS Kirklees)
Roger Grasby (NHS Wakefield)

OUR RESPONSIBILITIES

Quality and safeguarding

Quality and safeguarding is critically important across the NHS, especially in the wake of Robert Francis' lengthy inquiry report about failings at Mid Staffordshire Hospitals NHS Foundation Trust, published in February 2013.

Responding to the Francis Report will be the work of all NHS bodies, including the CCGs, in the months to come.

Throughout the transition period, the Clinical Commissioning Groups' Heads of Quality and Safety have worked to a nationally agreed quality handover and transition plan. The plan not only set out how business as usual should be maintained, but also kept up the growing emphasis on driving service improvement and quality: the PCT Cluster's enduring legacy.

A detailed, 150 page Quality Handover Document, the product of nine months' work, was delivered to the CCGs on March 15 for formal adoption by their Governing Bodies. The document was a snapshot of issues, projects and risks affecting quality and safety, with a comprehensive 'who's who' stakeholder contact list to effect a seamless handover and make sure nothing was missed.

Managing the risks

Our risk management systems have enabled us to monitor and test how health services are provided, including the performance of our commissioned services against government targets and best practice standards such as treatment times and control of infection in hospitals.

Effective incident reporting, complaints and public involvement have all contributed to our risk management, and added to our knowledge of what has been happening with our services and how the public receive and perceive NHS services.

Internal systems of control and communication have ensured that serious issues have been raised in a timely and relevant way within the organisation, from specialist team meetings through to Cluster Board meetings where appropriate.

In January 2012 we aligned our risk register and risk reporting procedures, using a live database system and timeline across the three PCTs.

Our risk management teams have reported incidents nationally to the National Patient Safety Agency and to the Counter Fraud and Security Management Service. This has helped us compare ourselves with other organisations and learn lessons to prevent similar incidents from happening in our area.

Risk management has formed part of our integrated governance arrangements; evidence shows that well managed organisations have better outcomes, including:

- safe and clinically effective services for patients
- maintenance of core services in times of emergency
- better value in our use of resources
- better health outcomes for our population.

In other words, good governance can save lives.

Learning from the experience of our patients

We have aimed to make sure that people in Kirklees have received the highest possible standards of care. However, sometimes things don't go as they should. We have ensured any complaints we have received have been thoroughly investigated to achieve the best possible outcome. We have encouraged a culture that seeks and then uses people's experiences to make services more effective, personal and safe.

During 2012/13 our Customer Liaison Service received 682 enquiries and a total of 58 complaints were investigated, as follows:

Customer Liaison Service enquiries:		**Complaints**	
Medical (GPs)	169	Medical (GPs)	35
Dental	248	Dental	20
Pharmaceutical	3	Pharmaceutical	1
Optical	5	Optical	0
Primary Care Trust	58	Primary Care Trust	2
Other	199	Other	0
Total	682	Total	58

We also supported GPs, pharmacists, dentists and opticians to respond thoroughly to the complaints they received. It's important that all patients have confidence in local health services and lessons learnt from complaints have resulted in improvements to patient care.

Freedom of Information requests (FOI)

In 2012-13, NHS Kirklees received 127 requests for information under the Freedom of Information Act. The Calderdale, Kirklees and Wakefield Cluster received a further 20 FOI requests. Among others, information was requested by members of the public, private companies, the media, MPs and researchers.

Information governance breaches

During the year there were no information governance breaches relating to safeguarding information – for example, protecting electronic equipment, devices or paper documents from loss or insecure or unauthorised disposal.

Safeguarding adults and children in Kirklees

The health and wellbeing of children and adults has remained a priority. It has been integral to the services we have commissioned and we have continued to demonstrate strong local safeguarding leadership across the health economy, making significant contributions to:

- the Kirklees Safeguarding Adults Board
- the Kirklees Safeguarding Children Board
- the Safeguarding Board's sub-groups
- regional safeguarding networks
- violence against women and girls strategy
- the panel of the district's first domestic homicide review.

Training and safeguarding support to our primary care providers, including GPs, dentists, opticians and pharmacists, has been a particularly important aspect of our work and a programme of training has been in place. Every GP practice in Kirklees has been encouraged to nominate a clinical colleague to take responsibility as their GP Safeguarding Lead. Currently, 97% of GP practices with nominated safeguarding leads have been offered additional training and support.

We have worked closely with safeguarding leads in our local NHS trusts to support the ongoing development of safeguarding practice and to strengthen the quality monitoring and performance management of our contracts. This has included overseeing action plans from serious case reviews to ensure that learning from these cases is incorporated into practice. We have also continued to offer supervision to the named nurses for safeguarding within our local provider Trusts.

Liaising closely with local authority colleagues to improve safeguarding practice and quality monitoring in care homes has remained an important part of our work.

There were two serious safeguarding incidents reported by NHS Kirklees during 2012-13.

Being prepared for emergencies or incidents

During the year, emergency planning continued to be a key priority for the PCT, particularly during this period of transition and change for the NHS.

Until 1 April 2013, primary care trusts were category one responders in the Civil Contingencies Act (2004) and, in relation to emergency preparedness, there are certain statutory obligations to which we have responded and adhered:

- assessing the risk of emergencies and using this to inform planning;
- putting in place and regularly test emergency plans, including training for key staff;
- putting in place business continuity arrangements;

- making information available to the public about civil protection matters and maintaining arrangements to warn, inform and advise the public in the event of an emergency;
- sharing information and co-operating with other local responders to enhance co-ordination and efficiency.

PERFORMANCE

Key successes

Maintaining strong operational performance has remained one of the key priorities for the NHS during the transition from Primary Care Trusts to the new clinically led commissioning arrangements.

The past 12 months have seen many developments and improvements in healthcare provision across Kirklees and the overall performance in our district during 2012-13 has been strong, building on our successful track record.

As in previous years, our progress has been assessed using the standards associated with the priorities published in the Operating Framework.

Highlights have included:

- the ongoing delivery of the four hour A&E standard and the 18 weeks referral to treatment waiting time target;
- achievement of the cancer waiting standards for patients who following referral, need urgent access to care;
- higher than national and regional average performance for the utilisation of Choose and Book;
- continued delivery of the ambulance response times standards for both category A targets.

OUR STAFF

Valuing our staff – NHS Kirklees

The changes introduced to the NHS have had major implications for the people who work in our organisation. It has undoubtedly been a challenging year for staff as the pace of change has continued to increase. Despite this, and at a time of great uncertainty, our motivated, capable and committed team continued to work hard to ensure that healthcare in the Kirklees district has continued to meet the needs of local people. One of our main priorities this year was to lead and support staff as the changes came into force.

Support during organisational change

In order to support our staff colleagues through this time we organised a range of initiatives:

- organisational change briefings
- pensions advice sessions
- financial planning sessions
- career management workshops
- human resources drop-in sessions.

Monitoring sickness

We have continued to monitor sickness data and provide relevant support to staff according to their needs. During this year our sickness rate was 3.2%, which is slightly higher than our target rate of 2.5%.

Equality and diversity

We have also taken our responsibilities for equality and diversity very seriously and have complied with our duty to monitor our workforce on key employment indicators by ethnicity, disability status, age and gender. We have tried to make sure that our workforce represented our local communities and that all employees have been treated fairly and equally.

Gender		
	Count	%
Male	46	20%
Female	187	80%
Disability		
No	206	88%
Yes	9	4%
Not declared	18	8%
Religious belief		
Atheism	22	9%
Buddhism	1	0%

Christianity	126	54%
Islam	13	6%
Hinduism	1	0%
Sikhism	2	1%
Other	12	5%
Not declared	56	24%
Sexual orientation		
Gay	1	0%
Lesbian	2	1%
Heterosexual	183	79%
Not declared	47	20%
Age group		
Under 25	6	3%
25 - 34	49	21%
35 - 44	69	30%
45 - 54	81	35%
55+	28	12%
Ethnic origin		
White - British	204	88%
White - Irish	4	2%
White - Any other white background	2	1%
Mixed - White and black Caribbean	1	0%
Mixed - White and Asian	2	1%
Asian or Asian British - Indian	8	3%
Asian or Asian British - Pakistani	8	3%
Asian or Asian British - Bangladeshi	1	0%
Asian or Asian British - Any other Asian background	1	0%
Black or Black British - Caribbean	1	0%
Any other ethnic group	1	0%

Investing in a diverse NHS workforce has enabled us to deliver a better service and improve patient care in Kirklees.

Equality is about creating a fairer society where everyone has the opportunity to fulfill their potential and diversity is about recognising and valuing difference in its broadest sense.

Our vision for diversity and equality has been outlined in two main aims:

- by recruiting, developing and retaining a workforce able to deliver high quality services that are accessible, responsive and appropriate to meet the diverse needs of different groups and individuals;

- by ensuring that NHS Kirklees has been a fair employer, achieving equality of opportunity and outcomes in the workplace.

Keeping staff informed

During 2012/13 we kept our staff up to date with issues that may affect them via a number of channels, including our intranet site, a weekly email bulletin and monthly staff briefings with the Chief Executive and other directors. Staff also had the chance to ask questions directly of the Chief Executive via the intranet and the communications team email box.

INVESTING IN SERVICES

NHS 111 Launches in Kirklees

The new NHS 111 service was launched across Kirklees in March 2013 as part of a phased launch across Yorkshire and the Humber.

The easy to remember number, which replaces the NHS Direct telephone number, is available 24 hours a day, 365 days a year to help people access the healthcare and advice they need, wherever they are and no matter what time of day it is.

On dialling NHS 111 callers are put through to a team of fully trained advisers and experienced nurses. They receive a clinical assessment and are directed to the local service that can help them best at that time.

For more information visit www.nhs.uk/111

Parents and carers urged to 'Choose Well for your child'

Parents and those who care for young children in Huddersfield were the focus of a new 'Choose Well for your child' campaign which gave them information about the range of NHS services available when their child is ill or injured. A special information leaflet was produced detailing children's common symptoms and ailments, suggesting the best place to get help or advice.

Pharmacies in Kirklees sign up to lifestyle initiative

A new initiative involving pharmacies in Kirklees is helping people lead a healthier lifestyle. The Healthy Living Pharmacy (HLP) scheme aims to promote good health by offering a range of free services such as a stop smoking scheme, emergency contraception, and medicines use reviews.

Six pharmacies in Kirklees have signed up to the scheme and staff from each have received training to be "Health Champions". They have also been recognised by the Royal Society of Public Health.

The initiative is being co-ordinated by Community Pharmacy West Yorkshire with strong support from NHS Kirklees.

The Expert Patient Programme

People across Kirklees with long term health conditions have been given extra support to help manage symptoms and improve their wellbeing.

Anyone with a long term health condition is able to refer themselves onto a free course to learn a set of tried and tested skills shown to be of benefit. The courses, led by people with long term health conditions themselves, and supported by local healthcare professionals, help people feel better, take more control of their lives and even return to work.

Residents urged to have their say

Residents across Kirklees have been helping shape future dental services for people without a regular dentist or who need urgent care out of hours.

They have been asked by NHS Kirklees to share their experiences of unplanned or urgent dental services in their area to help plan a new service that will cover the whole of West Yorkshire. There are currently five services across the region which provide unplanned or urgent dental care, but these contracts - currently managed by the primary care trusts covering Airedale, Bradford, Leeds and Calderdale, Kirklees and Wakefield - come to an end in March 2014 requiring a new service to be introduced.

The key benefit of having a West Yorkshire-wide services is that people will no longer be limited to accessing the service in their own district – for example Wakefield - but will have choice across West Yorkshire. This could be an advantage for those who live and work in different areas and need to see a dentist urgently.

Holme Valley Memorial Hospital

In May 2012, NHS Kirklees, in conjunction with Locala Community Partnerships, began the refurbishment of the day surgery unit and dental department at Holme Valley Memorial Hospital in Holmfirth.

This work followed on from the refurbishment of the inpatient accommodation on Maple Ward at Holme Valley Memorial Hospital in 2009, and included:

- a new dental suite with an additional surgery
- a colposcopy suite
- three additional consultation/treatment rooms
- discrete patient and staff changing facilities
- modern IT connectivity to support the provision of healthcare
- compliance with DDA access requirements
- refurbishment of the remaining treatment and consulting rooms within the DSU
- a new combined reception facility
- demolition of the former dental block and provision of additional car parking

Providing significant improvements to the patient environment and experience, the refurbishment also increased day treatment capacity enabling additional clinical services to be provided in the community, and ensured a high standard of clinical accommodation compliant with the latest guidance.

The scheme also included replacement of the central boiler plant and associated services with modern gas fired condensing boilers. This, plus improved energy conservation measures incorporated into the refurbishment (double glazing, increased insulation, low energy lighting etc), will significantly reduce the carbon footprint of the site.

Meeting the Challenge

Transforming health services in North Kirklees and Wakefield District

On 4 March 2013, the two PCTs began a formal three month public consultation on proposals to transform services across North Kirklees and Wakefield district. The proposed changes are aimed at saving more lives and improving outcomes and recovery for patients.

The consultation has been led by the two Clinical Commissioning Groups operating in shadow form, with Jo Webster, Chief Officer Designate of Wakefield District CCG acting as senior responsible officer.

What do the new proposals involve?

The proposals include:

- centralising specialist services for emergency care, maternity services, emergency and complex surgery, inpatient paediatrics and specialist and intensive care for babies at Pinderfields Hospital in Wakefield;
- moving non-complex, routine planned surgery to Pontefract and Dewsbury Hospitals;
- substantial development of care outside hospital to provide more care closer to where people live and creating more capacity for patients at the acute hospitals.

Under the proposals, Dewsbury and Pontefract Hospitals would retain A&E units with only the most serious cases being taken to Pinderfields. All three hospitals would continue to offer a full range of outpatient clinics and midwife-led maternity services.

How have they been developed?

The proposals were developed following a substantial pre-consultation exercise involving a wide range of partner and stakeholder organisations including representatives of patients and the local communities. External experts including Royal Colleges and the National Clinical Advisory Team assessed the proposals and agreed they were the most appropriate and viable way of providing the standard and quality of services required.

Why does the existing service need to change?

The main reasons for change are:

- There are insufficient numbers of specialists available to provide high quality care, 24 hours a day, seven days a week in line with national standards and best practice;
- There is a need to make better use of public money. There is an underlying financial deficit within the Mid Yorkshire Hospitals NHS Trust and it is estimated that the new service configuration would release around £9 million (recurring) in savings.

How are we consulting with clinicians and local communities about the proposals?

The public consultation exercise has included:

- eight public meetings;
- approximately 36 roadshows;
- the development of a 12 page consultation summary document – including a feedback questionnaire – delivered to more than 240,000 homes;
- a substantial number of meetings and other events with smaller groups and individuals;
- focus groups;
- a dedicated website, email address and phone line;
- drop-in sessions with senior clinicians; and
- media activity.

When will the proposed changes take place?

The consultation is being independently monitored and assessed by The Consultation Institute. A final decision based on analysis of consultation output undertaken by an independent third party is due to be made at the end of July 2013. If approved, it is expected that implementation of the proposals will take approximately four years.

THE FUTURE

In our area we have two Clinical Commissioning Groups (CCGs) - NHS Greater Huddersfield CCG and NHS North Kirklees CCG - each serving a distinct part of the Kirklees area. They took on full commissioning responsibilities from April 2013.

Both have operated in shadow form throughout the last year, increasingly taking on the responsibilities of NHS Kirklees. This means they already have a wealth of experience and understand the health needs of local people.

They will be continuing the work already done to transform community health services and their vision is to commission quality services that will further improve patients' experiences of care and health outcomes, by involving and listening to patients, practices, partners and staff when redesigning services.

The CCGs are made up of local clinicians who are working together to secure the best possible healthcare for local communities.

NHS Greater Huddersfield CCG

NHS Greater Huddersfield CCG has 40 member practices, representing 238,000 patients in Huddersfield and the Valleys.

The CCG is chaired by Dr Steve Ollerton, a practising GP based in Skelmanthorpe.

Its priorities are to ensure:

- improved patient outcomes;
- improved consistency and quality of care;
- improved patient experience;
- improved patient safety;
- empowered patients; putting the patient at the centre through better integration with social care, provision of good quality care, improvements in mortality, morbidity, quality of life, staying healthier for longer, listening to patients, focusing on prevention and self care.

Specific health issues include:

- preventing unplanned admissions and managing long term conditions;
- changing planned care pathways;
- strengthening mental health and learning disability provision;
- introducing assistive technology and risk stratification;
- alternative community services.

NHS North Kirklees CCG

Chaired by Dr David Kelly, NHS North Kirklees CCG draws its membership from 31 GP practices – representing 185,000 patients - in the Mirfield, Spen, Batley, Birstall,

Birkenshaw and Dewsbury areas. NHS North Kirklees CCG, along with CCGs nationally, has been set a series of priorities to work towards:

- keeping people safe;
- preventing premature death;
- improving quality of life for people with long-term conditions;
- supporting recovery from injury and illness;
- creating a positive patient experience.

It aims to improve health services throughout North Kirklees so the people who live in the district can enjoy longer, healthier, happier lives.

Specific health issues include:

- 20% of the population being over 65 by 2030;
- Continuing to reduce the number of infant death rates;
- smoking-related illness;
- obesity and lack of physical activity – especially amongst children;
- one in three adults in Dewsbury having a long term illness.

North Kirklees residents are in the Mid Yorkshire Hospitals NHS Trust 'footprint' where there are proposals to restructure hospital services. The detail of these proposed changes is explained on page 20 of this report: **'Meeting the Challenge'.**

You can contact the two CCGs at the following address:

NHS Greater Huddersfield CCG / NHS North Kirklees CCG
Broad Lea House
Bradley Business Park
Dyson Wood Way
Bradley
Huddersfield
HD2 1GZ

Telephone: 01484 464000

FINANCE

The Director of Finance reports that NHS Kirklees has once again achieved all the financial duties set for it by the Government.

2012/13 Performance

The Trust received two separate allocations of money from the Department of Health for 2012/13:

- revenue allocation of £705 million which we use to commission and provide health services for the population of Kirklees, many of which you can read about elsewhere in this Annual Report.
- capital allocation of £2.5 million which we used for improvements to buildings, equipment, and information technology.

This report summarises how we have invested this money to deliver and improve health care and services for Kirklees residents. It also highlights some of the key challenges that we have addressed during 2012/13 and those that face us in the coming years.

Revenue Allocation

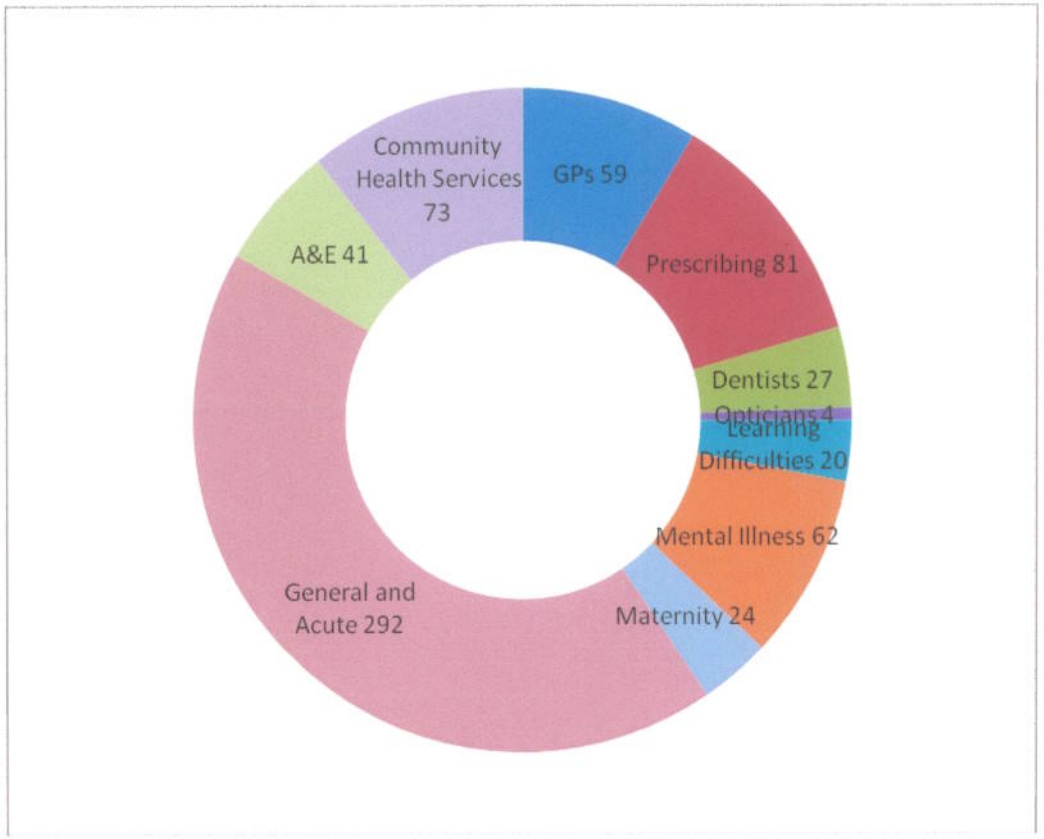
We delivered the planned surplus of £6.6 million (0.9%) against our revenue allocation. This will be carried forward to support investments in services in 2013/14.

By properly managing our finances we delivered our planned efficiency programme of £9.5m. We did this by putting community services in place to reduce unnecessary hospital admissions and stays, improving the efficiency of primary care prescribing, reducing administration expenditure, ensuring we get the best value from contracts with independent providers such as dentists and GPs, and increasing the efficiency of community services.

We spend our money with a range of organisations. These include NHS and non-NHS hospitals, community organisations, GPs (including prescription costs), dentists, optometrists, and pharmacists. We also spend our money helping people to improve their health and well-being, such as helping people to stop smoking, promoting healthy lifestyles and encouraging access to screening services.

The following chart provides a summary of how we spent your money.

How NHS Kirklees spent its money in 2012/13



Capital Allocation

During the year we have invested £2.5 million in improving infrastructure, equipment and information technology. The main areas where we have invested are:

- £1m on improved information technology and communications infrastructure to support enhanced working arrangements much of which was on behalf of the Calderdale, Kirklees, and Wakefield Cluster to support the establishment of the new Commissioning Support Units
- £1.5m on routine maintenance of buildings and initial works on the improvement of day surgery and dental facilities at the Home Valley Memorial Hospital which completed work begun in 2011/12.

We have also made grants of around £130k to a number of GPs to help them make infection prevention improvements and to improve access to their premises.

Looking forward

2012/13 was the last year of NHS Kirklees, and our commissioning responsibilities were transferred to other organisations by April 2013. During the year we worked hard to ensure that we handed over a stable financial position to these organisations. We succeeded in doing this.

We continued to work to improve our efficiency by continuing to reduce management and running costs, working jointly with other PCTs, and focusing on those things which help us to make the biggest improvements to the health services available to

the people of Kirklees. During 2012/13 we significantly reduced our running cost by around £2m or 12% of the total.

The two shadow GP Clinical Commissioning Groups for Kirklees have been in existence for almost two years and took over statutory responsibility for commissioning and financial management on the 1st April 2013. We also worked with other bodies, such as the local authority and NHS Commissioning Board to ensure that we successfully handed over responsibility for Public Health and Primary Care commissioning to them on the 1st April 2013.

We have also clustered with neighbouring PCTs covering Wakefield and Calderdale. This combined body was responsible for overseeing the successful implementation of the new arrangements and ensuring the proper and orderly closure of the PCT at the end of 2012/13.

NHS Kirklees took its responsibilities for safeguarding public money and achieving value for money very seriously. On behalf of the Board, the Audit Committee considered financial governance. The members of the Committee received regular reports from our external auditors, the Audit Commission, and from our internal auditors. In addition to their statutory audit of the PCT's accounts, the Audit Commission also provided a number of other reports that help us achieve value for money.

Financial Information

A full set of Annual Accounts are appended to this document. These detail the financial performance of the PCT as summarised above. In addition the following disclosures within the Annual Accounts are drawn to the attention of the reader:

- The way in which we account for pensions liabilities is explained in note 7.5
- Severence payments are detailed in note 7.4
- We have signed up to the 'Prompt Payment' code, and our performance against the better payments practice code is shown in note 8.1
- Our external auditors are KPMG and the cost of work performed by them in the year is disclosed in note 5.1

Remuneration report 2012/13

Section 234B and Schedule 7A of the Companies Act, as interpreted for the public sector, require NHS bodies to prepare a remuneration report containing information about the remuneration of directors.

In the NHS, the report will cover those senior managers "having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments."

Membership of the Cluster Remuneration and Terms of Service Committee (RTSC)

Members of the Cluster Remuneration Committee were:

Ann Liston (NHS Calderdale) - chair
Mehboob Khan (NHS Kirklees)
Roger Grasby (NHS Wakefield)

The non-executive director who chairs the Audit Committee does not attend in order to make sure separation of duties. The Chief Executive is in attendance (except when his own terms and conditions are considered). The committee is supported by the Directorate of Human Resources and Organisational Development.

The role of the RTSC is to make decisions about appropriate remuneration and terms of service for the Chief Executive, directors, clinical executive members' allowances and in exceptional circumstances, individual issues arising for staff on Agenda for Change terms. This includes the determination of basic pay for the Chief Executive and other directors, together with any annual uplifts and performance bonuses.

Statement of the policy on remuneration of higher paid employees for current and future financial years

NHS Kirklees works within the Pay Framework for Very Senior Managers in Strategic and Special Health Authorities, Primary Care Trusts and Ambulance Trusts as set out by the Department of Health and which became operable from 1 April 2007. This helps to make sure that NHS Kirklees is able to recruit, retain and motivate high calibre staff and is consistent, competitive and comparable to other PCTs.

Explanation of methods used to assess whether performance conditions were met and why those methods were chosen

The RTSC reviews appropriate levels of pay for the Chief Executive and other directors under the very Senior Managers Framework. In line with best employment practice, where performance should be assessed by the line manager, the Chief Executive conducts the performance assessments for the directors.

The Chairman assesses the performance of the Chief Executive. Assessments are conducted using established appraisal and personal development review processes, which include clearly defined responsibilities with measurable objectives. The discretionary element of pay is covered by performance bonus arrangements as referred to above in the section on the statement of the remuneration of higher paid employees.

Explanation of relative importance of the relevant proportions of remuneration which are, and which are not, subject to performance conditions

Please refer to information on the role of the Remuneration and Terms of Service Committee.

Summary and explanation of policy on the duration of contracts, notice periods and termination payments

Chief Executive and director appointments are made on a substantive basis, with notice provisions normally six months clearly identified and articulated in the contract.

Directors Remuneration Report (audited by an independent auditor)

NHS Calderdale, Kirklees and Wakefield District Cluster

As from 1st April 2012 the PCT was part of the NHS Calderdale, Kirklees and Wakefield Cluster (NHS CKW). Costs were split across the NHS CKW cluster on a unified weighted capitation % basis: Calderdale 21.68% Kirklees 43.73% and Wakefield 34.59%. Table 1 shows Kirklees share of the cost of each named individual for 2012/13.

Table 1: NHS Calderdale, Kirklees and Wakefield District Cluster share.

	2012 - 2013			2011 – 2012		
Name and Title	**Salary** (Bands of £5000)	**Benefits in Kind** £000's (Rounded to £100)	**Other** (Bands of £5000)	**Salary** (Bands of £5000)	**Benefits in Kind** £000's (Rounded to £100)	**Other** (Bands of £5000)
Mike Potts Chief Executive (note C)	60 - 65	2.2	60 - 65	70 - 75	5	5 - 10
Jonathan Molyneux Interim Executive Director of Finance and Efficiency	0	0	10 - 15	60 - 65	0	nil
Andy Leary Executive Director of Finance & Efficiency	0	0	0	15 - 20	1.7	0
Ian Currell Executive Director of Finance and Efficiency	40 - 45	0	0	N/A	N/A	N/A
Ann Ballarini Executive Director of Commissioning and Service Development (note C)	40 - 45	1	60 - 65	30 - 35	0	1.1
Peter Flynn Director of Performance and Commissioning Development	35 - 40	2.2	0	45 - 50	5	0

June Goodson-Moore Director of HR and Organisational Development	See Note A					
Matt Walsh Executive Medical Director	15 - 20	0	0 - 5	35 - 40	0	5 - 10
Damien Riley Executive Medical Director	See Note A					
Sue Cannon Executive Director of Quality and Governance (Nursing)	35 - 40	0	0	30 - 35	0	0
Gill Galdins Director of Corporate Development	25 - 30	1.2	90 - 95	See note B	0	0
Sheila Dilks Director of Patient Care	N/A	N/A	N/A	10 - 15		165 - 170
Sue Ellis Director of Human Resources	N/A	N/A	N/A	35-40	4.2	0 - 5
Angela Monaghan Cluster Chair	15 - 20	0	0	5 - 10	0	0
Keith Wright Cluster Non-Executive	5 - 10	0	0	0 - 5	0	0
Ann Liston Cluster Non-Executive	0 - 5	0	0	0 - 5	0	0
Roy Coldwell Cluster Non-Executive	0-5	0	0	0-5	0	0
Mehboob Khan Cluster Non-Executive	0-5	0	0	5 - 10	0	0
Tony Gerrard Cluster Non-Executive	5 - 10	0	0	5 - 10	0	0
Sandra Cheseldine Non-Executive Associate	5 - 10	0	0	0 - 5	0	0
Roger Grasby Cluster Non-Executive	5 - 10	0	0	5 - 10	0.2	0

Table 2: NHS Kirklees only

	2012/2013			2011/2012		
Name and Title	**Salary** (Bands of £5000)	**Benefits in Kind** £000's (Rounded to £100)	**Other** (Bands of £5000)	**Salary** (Bands of £5000)	**Benefits in Kind** £000's (Rounded to £100)	**Other** (Bands of £5000)
Bryan Machin Director of Finance	N/A	N/A	N/A	10 - 15	0.8	0
Judith Hooper Director of Public Health	125 - 130	0	0	125-130	0	0
Helena Corder Director of Corporate Services	N/A	N/A	N/A	15 - 20	0	0
Carol McKenna Director of Commissioning	N/A	N/A	N/A	10 - 15	1	1
Robert Flack Director of Provider Services	N/A	N/A	N/A	40 - 45	2.5	0
Rob Napier Chairman	N/A	N/A	N/A	15 - 20	0	0
Imran Patel Non Exec Director	N/A	N/A	N/A	0 - 5	0	0
Valerie Aguirregicoa Non Exec Director	N/A	N/A	N/A	0 - 5	0	0
Vanessa Stirum Non Exec Director	N/A	N/A	N/A	0 - 5	0	0
Rob Millington Non Exec Director	N/A	N/A	N/A	0 - 5	0	0

Notes

Note A: These people held roles across the NHS Calderdale, Kirklees and Wakefield (NHS CKW) and NHS Airedale, Bradford and Leeds (NHS ABL) clusters providing strategic HR and Communications advice. All costs were incurred by NHS ABL.

Note B: This person moved into a NHS CKW Cluster role from 1 July 2012.

Note C: Other early exit package costs paid to the NHS Pensions Agency, rather than the individual, are not included in this note.

Table 3. CKW Cluster remuneration report (audited by an independent auditor) Indicating the full cost of each named individual for the period stated

Name and Title	**Dates**	**Full Costs Salary** (Bands of £5000)	**Benefits in Kind** £000's (Rounded to £100)	**Other** (Bands of £5000)
Mike Potts Chief Executive (see note B)	01.04.12 to 31.03.13	140-145	5.0	140 - 145
Jonathan Molyneux Interim Executive Director of Finance and Efficiency	01.04.12 to 23.06.12	0	0	20-25
Ian Currell Executive Director of Finance and Efficiency	23.04.12 to 31.03.13	95-100	0	0
Ann Ballarini Executive Director of Commissioning and Service Development (see note B)	01.04.12 to 31.03.13	95-100	2.3	140-145
Peter Flynn Director of Performance and Commissioning Development	01.04.12 to 31.03.13	90-95	5.0	0
June Goodson-Moore Director of HR and Organisational Development	01.04.12 to 31.03.13	See Note A		
Matt Walsh Executive Medical Director	01.04.12 to 31.07.12	35-40	0	5-10
Damien Riley Executive Medical Director	01.08.12 to 31.03.13	See Note A		
Sue Cannon Executive Director of Quality and Governance (Nursing)	01.04.12 to 31.03.13	90-95	0	0
Gillian Galdins Director of Corporate Development and Transition	01.07.12 to 31.03.13	60-65	2.8	205 - 210

Angela Monaghan Cluster Chair	01.04.12 to 31.03.13	35-40	0	0
Keith Wright Cluster Non-Executive	01.04.12 to 31.03.13	10-15	0	0
Ann Liston Cluster Non-Executive	01.04.12 to 31.03.13	5-10	0	0
Roy Coldwell Cluster Non-Executive	01.04.12 to 31.03.13	5-10	0	0
Mehboob Khan Cluster Non-Executive	01.04.12 to 31.03.13	5-10	0	0
Tony Gerrard Cluster Non-Executive	01.04.12 to 31.03.13	10-15	0	0
Sandra Cheseldine Non-Executive Associate	01.04.12 to 31.03.13	10-15	0	0
Roger Grasby Cluster Non-Executive	01.04.12 to 31.03.13	10-15	0	0

Notes

Note A: These people held roles across the NHS Calderdale, Kirklees and Wakefield (CKW) and NHS Airedale, Bradford and Leeds (NHS ABL) clusters providing strategic human resources and communications advice. All costs were incurred by NHS ABL.

Note B: Other early exit package costs paid to the NHS Pensions Agency, rather than the individual, are not included in this note.

Table 4: Pension disclosure (audited by an independent auditor)

	Real increase in pensions 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 31st March 2012 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 march 2012 (bands of £5,000)	CETV at 31 March 2013 £000	CETV at 31 March 2012 £000	Real increase in CETV £000
NHS Kirklees employed staff							
Judith Hooper	(0-2.5)	(0-2.5)	50 - 55	155 - 160	1164	1084	23
CKW Cluster employed staff							
Mike Potts	(0-2.5)	(5-7.5)	65-70	200-205	0	1440	-1515
Ian Currell	0-2.5	5-7.5	25-30	80-85	426	365	42
Peter Flynn	0-2.5	0-2.5	20-25	60-65	442	393	29
Sue Cannon	(0-2.5)	(5-7.5)	40-45	130-135	921	883	-8
Ann Ballarini	(0-2.5)	(0-2.5)	25-30	85-90	0	628	-660
Gill Galdins (see note A)	(0-2.5)	(0-2.5)	35-40	105-110	0	669	-704

Note A: This person moved into a NHS CKW Cluster role from 1 July 2012, having previously worked as the Chief Operating Officer at Wakefield. The above details reflect the whole of 2012-13.

Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

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.

Pension Liabilities

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. Note 7.5 to the Audited Accounts is the relevant accounting policy providing more detail. Further information can be found in the Audited Accounts and Annual Report of NHS Pensions.

Exit Packages

Further information on any Exit packages can be found in Note 7.4 to the Audited Accounts.

Tax arrangements of public sector appointees

In line with HM Treasury guidance, where personal service companies have been engaged, we have taken actions to gain assurance that they are adequately accounting for, and responsible for, their own tax and NI arrangements. During the year we engaged three persons through these arrangements.

Pay multiples

	2012/13	2011/12
Midpoint of highest paid director	£127500	£126465
Median remuneration	£30460	£27625
Multiple	4.18	4.58

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

The remuneration of the highest paid director in NHS Kirklees, in the financial year 2012-13 was £125,000 - £130,000 (2011-12, £125,000 - £130,000).

This was 4.18 times (2011-12, 4.58) the median remuneration of the workforce, which was £30.4K (2011-12, £27.6K).

The highest paid director was calculated on a full time equivalent basis of the cost incurred by the organisation. Where a director worked across the Calderdale, Kirklees and Wakefield (CKW) Cluster, the entities proportion was grossed up to full year costs.

The median salary was calculated using staff in post at the year end. The salaries for part time staff were then grossed up to reflect a full time equivalent. The median point of those salaries was then calculated.

In 2012-13, one (2011-12, none) employee received remuneration in excess of the highest paid Director. Remuneration ranged from £14k to £159k rounded to the nearest £1k, (2011-12 £5k to £135k).Total remuneration includes salary, non consolidated performance related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

In line with HM Treasury guidance, we are required to disclose off-payroll engagements at a cost of over £58200 per annum that were in place as of 31 January 2012 – the PCT did not have any of these. In addition we did not enter into any new off-payroll engagements between 23 August 2012 and 31 March 2013, for more than £220 per day and more than 6 months.

Cluster Board and Kirklees declarations of interest register 2012/13

Name	Position	Declaration(s) of interest
Mike Potts	Chief Executive	None
Sue Cannon	Executive Director of Quality and Governance (Nursing)	None
Roy Coldwell	Non Executive Director	Trustee and Company Secretary of Catalyst Science Discovery Centre Director of RS Clare and Company Lubricants manufacturer Non-Executive Director PICME-Business Improvement Consultancy Risk Management Consultant – HFL Risk Services
Roger Grasby	Non Executive Director	Independent Member – West Yorkshire Police Authority Justice of the Peace – Wakefield/Pontefract Bench Non-legal member – Employment Tribunal Chair/Director, Spectrum Community Health CIC Ltd
Gill Galdins	Chief Operating Officer – NHS Wakefield District	None
Julie	Chief Operating Officer -	None

Lawreniuk	NHS Calderdale	
Ann Liston	Non Executive Director	Independent Member of West Yorkshire Police Authority Counsellor and external training manager - Leeds Counselling Treasurer, Hope Baptist Church, Hebden Bridge
Jonathan Molyneux	Interim Executive Director of Finance and Efficiency	None
Angela Monaghan	Chair	None
Matt Walsh	Medical Director	Ownership of a $^{2}/_{7}$ share of premises at Thornton Medical Centre, Bradford (a PMS practice with a Bradford contract) Spouse is an employee of Calderdale and Huddersfield Foundation Trust
Graham Wardman	Executive Director of Public Health – NHS Calderdale	None
Dr Judith Hooper	Director of Public Health – NHS Kirklees	Employed by GP contractor to CKW PCT – GP assistant Meltham Road Surgery Partner provides services under contract to CKW via Bradford Hospital Trust – Tier 2 Pain Service South Kirklees Clinical Lead for Kirklees Chronic Pain
Peter Flynn	Director of Performance and Commissioning Intelligence	None
Keith Wright.	Non Executive Director	Director of ICATs Ltd. (a dormant company) NHS consultancy support to NHS organisations
Ann Ballarini	Executive Director of Commissioning and Service Development	None
Sandra	Non Executive Director	Chair of the Trustees Board for Wakefield

Cheseldine		District Citizens Advice Bureau
Dr Andrew Furber	Director of Public Health – NHS Wakefield District	Trustee – North to North Health Partnership Honorary Senior Clinical Lecturer – Sheffield University
Mehboob Khan	Non Executive Director	Local Authority Councillor - Kirklees School Governor Greenhead College, Huddersfield Member of West Yorkshire Fire Authority Board members of the Standards Board of England Board member of Local Government Association Council of Europe. Shareholder in Excol Consulting Ltd.
Sue Ellis	Director of Human Resources and Organisational Development	Spouse is an employee at Gilthwaites First School, Denby Dale Church Council Secretary and worship leader Denby Dale Methodist Church
Tony Gerrard	Non Executive Director	Director of Tony Gerrard Associates Ltd
Carol McKenna	Chief Operating Officer – NHS Kirklees	None
June Goodson-Moore	Executive Director of Workforce and Corporate Development	Executive Director for NHS Airedale, Bradford and Leeds A Partner Governor for Leeds and York Mental Health Partnership Trust

Disclosure of information for audit purposes

Andrew Buck, Chief Officer – NHS England (West Yorkshire Area Team) - has signed a letter of representation that confirms, after making enquiries of directors and non-executive directors, that all accounting records and all other records and related information have been made available to our external auditor in the course of the 2012/13 audit.

Audited accounts

The audited accounts for 2012/13 are attached at Appendix A.

Signing Officer: Andrew Buck Date: 6/6/13

Department of Health

NHS

Kirklees Primary Care Trust

2012-13 Accounts

Published to gov.uk, in PDF format only.

www.gov.uk/dh

Kirklees Primary Care Trust

2012-13 Accounts

NHS Kirklees

Annual Accounts 2012/13

NHS
Kirklees

NHS Kirklees - Annual Accounts 2012-13

FOREWORD TO THE ACCOUNTS

These accounts for the year ended 31 March 2012 have been prepared by the Kirklees Primary Care Trust under the National Health Service Act 2006 in the form which the Secretary of State has, with the approval of the Treasury, directed.

Contents

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	**10,372**	30,408
Other costs	5.1	**705,673**	670,145
Income	4	**(19,285)**	(18,536)
Net operating costs before interest		**696,760**	682,017
Investment income	9	**0**	0
Other (Gains)/Losses	10	**(39)**	0
Finance costs	11	**1,353**	1,334
Net operating costs for the financial year		**698,074**	683,351
Discontinued Operations - Included in above			
Employee benefits			16,181
Other costs *1 excluding losses on transfer see below			4,475
Income			(2,681)
Net Operating Costs			17,975
*1 Loss on transfer of capital assets excluded in Other costs above			220
*1 Loss on transfer of consumables excluded in Other costs above			108
Total Losses on Transfer			328

These costs relate to the directly provided services which transferrred to Locala a community interest company on 1st October 2011.

Of which:			
Administration Costs			
Gross employee benefits	7.1	**9,379**	10,125
Other costs	5.1	**10,182**	9,483
Income	4	**(4,855)**	(2,713)
Net administration costs before interest		**14,706**	**16,895**
Investment income	9	**0**	0
Other (Gains)/Losses	10	**(39)**	0
Finance costs	11	**0**	0
Net administration costs for the financial year		**14,667**	**16,895**
Programme Expenditure			
Gross employee benefits	7.1	**993**	20,283
Other costs	5.1	**695,491**	660,662
Income	4	**(14,430)**	(15,823)
Net programme expenditure before interest		**682,054**	**665,122**
Investment income	9	**0**	0
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**1,353**	1,334
Net programme expenditure for the financial year		**683,407**	**666,456**

Other Comprehensive Net Expenditure	2012-13 £000	2011-12 £000
Impairments and reversals put to the Revaluation Reserve	**0**	3,717
Net (gain) on revaluation of property, plant & equipment	**0**	(3,965)
Net (gain) on revaluation of intangibles	**0**	0
Net (gain) on revaluation of financial assets	**0**	0
Net (gain)/loss on other reserves	**0**	0
Net (gain)/loss on available for sale financial assets	**0**	0
Net (gain) /loss on Assets Held for Sale	**0**	
Release of Reserves to Statement of Comprehensive Net Expenditure	**0**	
Net actuarial (gain)/loss on pension schemes	**0**	0
Reclassification Adjustments		
Reclassification adjustment on disposal of available for sale financial assets	**0**	0
Total comprehensive net expenditure for the year	**698,074**	**683,103**

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	**33,699**	33,499
Intangible assets	13	**35**	0
investment property	15	**0**	0
Other financial assets	21	**0**	0
Trade and other receivables	19	**0**	0
Total non-current assets		**33,734**	33,499
Current assets:			
Inventories	18	**258**	258
Trade and other receivables	19	**3,677**	3,000
Other financial assets	36	**0**	0
Other current assets	22	**0**	0
Cash and cash equivalents	23	**4**	1
Total current assets		**3,939**	3,259
Non-current assets held for sale	24	**750**	801
Total current assets		**4,689**	4,060
Total assets		**38,423**	37,559
Current liabilities			
Trade and other payables	25	**(42,323)**	(40,556)
Other liabilities	26,28	**0**	0
Provisions	32	**(6,998)**	(5,169)
Borrowings	27	**(784)**	(712)
Other financial liabilities	36.2	**0**	0
Total current liabilities		**(50,105)**	(46,437)
Non-current assets plus/less net current assets/liabilities		**(11,682)**	(8,878)
Non-current liabilities			
Trade and other payables	25	0	0
Other Liabilities	28	0	0
Provisions	32	(54)	(1,065)
Borrowings	27	(23,933)	(24,815)
Other financial liabilities	36.2	0	0
Total non-current liabilities		**(23,987)**	(25,880)
Total Assets Employed:		**(35,669)**	(34,758)
Financed by taxpayers' equity:			
General fund		(38,152)	(37,289)
Revaluation reserve		2,483	2,531
Other reserves		0	0
Total taxpayers' equity:		**(35,669)**	(34,758)

The notes on pages 8 to 47 form part of this account.

The financial statements on pages 4 to 7 were approved by the Board on [date] and signed on its behalf by

Signing Officer: Date: 6/6/13

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

	General fund	Revaluation reserve	Other reserves	Total reserves
	£000	£000	£000	£000
Balance at 1 April 2012	**(37,289)**	**2,531**	**0**	**(34,758)**
Changes in taxpayers' equity for 2012-13				
Net operating cost for the year	(698,074)			**(698,074)**
Net gain on revaluation of property, plant, equipment		0		**0**
Net gain on revaluation of intangible assets		0		**0**
Net gain on revaluation of financial assets		0		**0**
Net gain on revaluation of assets held for sale		0		**0**
Impairments and reversals		0		**0**
Movements in other reserves			0	**0**
Transfers between reserves*	48	(48)		**0**
Release of Reserves to SOCNE		0		**0**
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	**(698,026)**	**(48)**	**0**	**(698,074)**
Net Parliamentary funding	697,163			**697,163**
Balance at 31 March 2013	**(38,152)**	**2,483**	**0**	**(35,669)**
Balance at 1 April 2011	**(37,343)**	**2328**	**0**	**(35,015)**
Changes in taxpayers' equity for 2011-12				
Net operating cost for the year	(683,351)			(683,351)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment		3,965		3,965
Net Gain / (loss) on Revaluation of Intangible Assets		0		0
Net Gain / (loss) on Revaluation of Financial Assets		0		0
Net Gain / (loss) on Assets Held for Sale		0		0
Impairments and Reversals		(3,717)		(3,717)
Movements in other reserves			0	0
Transfers between reserves*	45	(45)		0
Release of Reserves to Statement of Comprehensive Net Expenditure		0		0
Reclassification Adjustments				
Transfers to/(from) Other Bodies within the Resource Account	0	0	0	0
On disposal of available for sale financial assets	0	0	0	0
Net actuarial gain/(loss) on pensions	0		0	0
Total recognised income and expense for 2011-12	(683,306)	203	0	(683,103)
Net Parliamentary funding	683,360			683,360
Balance at 31 March 2012	**(37,289)**	**2,531**	**0**	**(34,758)**

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		**(696,760)**	(682,017)
Depreciation and Amortisation		**1,581**	1,622
Impairments and Reversals		**741**	(265)
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		**(1,331)**	(1,305)
Release of PFI/deferred credit		**0**	0
(Increase)/Decrease in Inventories		**0**	(22)
(Increase)/Decrease in Trade and Other Receivables		**(677)**	1,583
(Increase)/Decrease in Other Current Assets		**0**	0
Increase/(Decrease) in Trade and Other Payables		**1,015**	(4,199)
(Increase)/Decrease in Other Current Liabilities		**0**	0
Provisions Utilised		**(1,799)**	(410)
Increase/(Decrease) in Provisions		**2,595**	4,468
Net Cash Inflow/(Outflow) from Operating Activities		**(694,635)**	**(680,545)**
Cash flows from investing activities			
Interest Received		**0**	0
(Payments) for Property, Plant and Equipment		**(1,770)**	(2,049)
(Payments) for Intangible Assets		**(35)**	0
(Payments) for Other Financial Assets		**0**	0
(Payments) for Financial Assets (LIFT)		**0**	0
Proceeds of disposal of assets held for sale (PPE)		**90**	0
Proceeds of disposal of assets held for sale (Intangible)		**0**	0
Proceeds from Disposal of Other Financial Assets		**0**	0
Proceeds from the disposal of Financial Assets (LIFT)		**0**	0
Loans Made in Respect of LIFT		**0**	0
Loans Repaid in Respect of LIFT		**0**	0
Rental Revenue		**0**	0
Net Cash Inflow/(Outflow) from Investing Activities		**(1,715)**	**(2,049)**
Net cash inflow/(outflow) before financing		**(696,350)**	**(682,594)**
Cash flows from financing activities			
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		**(810)**	(766)
Net Parliamentary Funding		**697,163**	683,360
Capital Receipts Surrendered		**0**	0
Capital grants and other capital receipts		**0**	0
Cash Transferred (to)/from Other NHS Bodies (free text note required)		**0**	0
Net Cash Inflow/(Outflow) from Financing Activities		**696,353**	**682,594**
Net increase/(decrease) in cash and cash equivalents		**3**	**0**
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		**1**	**1**
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		**4**	**1**

The Statement of Cash Flows above includes cashflows for both continued and discontinued operations. The cashflows relating to discontinued operations are summarised below. This represents the directly provided services which transferrred to Locala a community interest company on 1st October 2011.

Discontinued Operation Cashflow	
Net operating cost before interest	(17,975)
Movements in working capital	(2,420)
Net cash outflow from operating activities	**(20,395)**
Net Parliamentary Funding	20,395
Cash and Cash Equivalents (and Bank Overdraft) at year end	**0**

1. Accounting policies

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

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

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

1.1 Accounting Conventions

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

Acquisitions and Discontinued Operations

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

Under the Transforming Community Services initiative, services historically provided by PCTs have transferred to other providers. For NHS Kirklees these services have historically been provided by our internal Kirklees Community Services provider arm. These services were transferred to an new social enterprise, Locala, on the 1 October 2011. As Locala is not an NHS body we have accounted for this as a discontinued operation in line with the requirements of IFRS 5, and these figures are disclosed as prior year figures in the relevent statements and notes.

Critical accounting judgements and key sources of estimation uncertainty

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.
HM Treasury has determined that government bodies shall account for infrastructure PFI schemes 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.
In coming to the decision to account for the PFI scheme in this way, the PCT assessed the facts of the PFI scheme against the DoH Guidance 'Accounting for PFI under IFRS' and concluded that the scheme is a service concession and therefore has accounted for it under IFRIC 12 and this is covered by Note 34 in the accounts.

The PCT also has a number of legal charges on residential care properties against the requirements of IFRIC 12 to see if they constituted service concessions, and also against IFRIC4 to see if they constitute leases. The conclusion was that they are neither service concessions nor leases, and the PCT has accounted for them as contingent assets in note 33.

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 PCT includes land and buildings in its accounts at values which are based on their fair values. In arriving at these fair values the PCT uses the services of the District Valuation Service. The assets were valued at the end of the financial year 2011/12. Buildings make up £27.7m, and land £3.6m of the total non-current assets value of £33.7m.

The asset lives of the buildings are based on the standard District Valuer lives .

Of the total provisions included in the Statement of Financial Position of £7.1m,the main elements have been estimated as follows. We have provided £6.1m for potential continuing care restitution claims based on the number of claims submitted and previous claims history to estimate the likely success rate and value of successful claims.

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 Care Trust Designation

NHS Kirklees is not a Care Trust under Section 45 of the Health and Social Care Act 2001.

1.4 Pooled budgets

The PCT has entered into a pooled budget arrangement with Kirklees Metropolitan Council. Under the arrangement funds are pooled under s75 of the Heath Act 2006 for the purchase of community equipment and a memorandum note (Note 40) to the accounts provides details of the joint income and expenditure.

The pool (Kirklees Integrated Equipment Store) is hosted by Kirklees Metropolitan Council. As a commissioner of healthcare services the PCT has made contributions to the pool, which are then used to purchase healthcare services. The PCT accounts for its share of the assets, liabilities, income and expenditure of the pool as determined by the pooled budget arrangement.

1.5 Taxation

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

1.6 Administration and Programme Costs

Treasury has set performance targets in respect of non-frontline expenditure (administration expenditure).
From 2011-12, PCTs therefore analyse and report revenue income and expenditure by "admin and programme"
For PCTs, the Department has defined "admin and programme" in terms of running costs.

The broad definition of running costs includes any cost incurred that is not a direct payment for the provision of healthcare or healthcare related services.
Expense incurred under NHS transition redundancy programmes is however classed as "programme" under Treasury budgetary control arrrangements and so is recorded as such in the financial statements.

1. Accounting policies (continued)

1.7 Property, Plant & Equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

Valuation

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

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

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

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

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

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

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
The PCT does not have any donated assets.

1.11 Government grants
The PCT does not have any Government Grants.

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 weighted average cost formula.

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

Retirement benefit costs

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

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

1.18 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

We do not have any EU Emmisions Trading Scheme allowances.

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

We do not have any transactions which are denominated in a foreign currency.

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 2.2% (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.

The PCT only has loans and receivables.

Loans and receivables

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

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

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

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

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

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

1. Accounting policies (continued)

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

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 The PCT only has other financial liabilities.

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

1.27 Private Finance Initiative (PFI)

In 2005/06 North Kirklees PCT entered into a PFI scheme to build and operate 5 new health centres. In 2006/07, North Kirklees PCT merged with Huddersfield Central PCT and South Huddersfield to form Kirklees PCT. The PFI scheme transferred to Kirklees PCT as part of this merger. The 5 health centres are in Cleckheaton, Dewsbury, Batley, Ravensthorpe, and Eddercliffe.
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.

NHS Kirklees makes an annual unitary payment to the PFI company. The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:
- Payment for the fair value of services received, which include services such as estates, utilities, domestic services, grounds maintenance;
- Payment for the PFI asset, including finance costs; and
- 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 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.

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

1. Accounting policies (continued)

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is 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.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Net Expenditure.

c) Lifecycle replacement

Components of the assets will be replaced by the operator from time to time during the contract ('lifecycle replacement') as and when this is required. NHS Kirklees pays for these replacements through the annual unitary charge.

NHS Kirklees charges all of the unitary payment to the Operating Cost Statement, and does not separately identify the lifecycle replacement costs as capital expenditure. This means that the element of the unitary payment attributed to finance costs is increased by a non-material amount. Modelling undertaken by NHS Kirklees shows that, in any one year of the contract, the maximum likely impact of this is £135k and in most years is less than this.

Assets contributed by the PCT to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the PCT's Statement of Comprehensive Net Expenditure.

1. Accounting policies (continued)

1.28 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

1.29 Going Concern

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

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

2 Operating segments

This section provides information on the income received by the PCT both by the types of services for which the income was earned and by major customers.
It also summarises the financial performance of the PCT by operating segments. During 2011/12 we transferred our community services to a community interest company, Locala. This means that for 2012/13 we only have one operating segment.
The Chief Operating Decision Maker is the PCT's Board. It received information on the financial performance of each of the segments in the routine monthly financial information presented at each Board Meeting during 2011/12. It does not receive routine monthly financial information by shadow Clinical Commissioning Group and these are not reported as individual segments.
This information covered the income and expenditure of each of the segments, but did not analyse the Statement of Financial Position between the segments.

1. Income by Type of Service

The purpose of this disclosure is to provide information on income received from external customers by the types of services for which it was received.
The income shown in Note 3: Miscellaneous Income, is analysed by type of service in the table below.

Type of Service	2012/13 £000	2011/12 £000	Description of Service
Dental Services	5,638	5,948	Dental charge income from dentists and income from other PCTs for community dental services.
Management and Admin Services	5,705	1,838	Income for hosted management and administration services provided to other PCTs.
Prescription Charge Income	3,844	3,618	Income for prescription charges.
Drugs Treatment Services	746	1,012	Income to support the provision of drugs treatment services.
Community Loan store	0	987	Income from local authority income for the jointly operated community equipment service.
Therapies	0	470	Income for therapy services provided to the local authority and NHS Trusts.
Property Related Income	970	1,097	Income from third parties occupying PCT premises and proceeds from legal charges on properties.
Continuing Care & Mental Health	484	878	Contributions to the care of patients in care homes from the local authority and neighbouring PCTs.
Other Health Care	73	204	This is mainly for provision of Chlamydia screening and minor day case surgery provided to other PCTs.
Education and Training	756	1,250	This is income to support education and training of medical staff.
Public health	79	117	This is mainly from the local authority for joint initiatives to improve the health of the local population.
Other	990	1,116	Other smaller items of income.
Total Miscellaneous income	**19,285**	18,535	

2. Income from Major Customers

The purpose of this disclosure is to provide information on income from major external customers, where a major customer is defined as being more than 10% of the PCT's total miscellaneous income.
There are three major customers to disclose and details of the income from each of these are shown in the tables below.

Income From Other PCTs

Type of Service	Kirklees Commissioning 2012/13 £000	Kirklees Commissioning 2011/12 £000	Provision of Services 2012/13 £000	Provision of Services 2011/12 £000	Total 2012/13 £000	Total 2011/12 £000
Management and Admin Services	4,399	1,302	0	0	**4,399**	1,302
Continuing Care & Mental Health	470	99	0	0	**470**	99
Dental Services	0	0	0	306	**0**	306
Other Health Care	0	0	0	165	**0**	165
Other	0	15	0	0	**0**	15
Total	**4,869**	**1,416**	**0**	471	**4,869**	1,887

Income From Dental Charges

Type of Service	Kirklees Commissioning 2012/13 £000	Kirklees Commissioning 2011/12 £000	Provision of Services 2012/13 £000	Provision of Services 2011/12 £000	Total 2012/13 £000	Total 2011/12 £000
Dental Services	5,637	5,565	**0**	0	**5,637**	5,565
Total	**5,637**	5,565	**0**	0	**5,637**	5,565

Income From Prescription Charges

Type of Service	Kirklees Commissioning 2012/13 £000	Kirklees Commissioning 2011/12 £000	Provision of Services 2012/13 £000	Provision of Services 2011/12 £000	Total 2012/13 £000	Total 2011/12 £000
Pharmacy Services	3,844	3,618	**0**	0	**3,844**	3,618
Total	**3,844**	3,618	**0**	0	**3,844**	3,618

Income From Local Authorities

Type of Service	Kirklees Commissioning 2012/13 £000	Kirklees Commissioning 2011/12 £000	Provision of Services 2012/13 £000	Provision of Services 2011/12 £000	Total 2012/13 £000	Total 2011/12 £000
Community Loan Store	0	0	0	987	**0**	987
Continuing Care & Mental Health	14	41	0	135	**14**	176
Drugs Treatment Services	65	476	0	0	**65**	476
Management and Admin Services	0	30	0	0	**0**	30
Other Health Care	0	0	0	0	**0**	0
Public health	79	117	0	0	**79**	117
Therapies	0	0	0	21	**0**	21
Other	334	446	0	312	**334**	758
Total	**492**	1,110	**0**	1,455	**492**	2,565

3. Financial Performance by Segment

The purpose of this note is to provide information on the financial performance of each of the PCT's segments and how these contribute to the overall performance of the PCT.
In previous years we had two segments: the commissioning of services for the population of Kirklees; and the direct provision of services for the population of Kirklees.
The direct provision of services were transferred to Locala, a community interest company, in October 2011 and we now only have one segment relating to commissioning.

	Kirklees Commissioning 2012/13 £000	Kirklees Commissioning 2011/12 £000	Provision of Services 2012/13 £000	Provision of Services 2011/12 £000	Total 2012/13 £000	Total 2011/12 £000
Direct Operating Costs	717,359	672,821	0	19,313	**717,359**	692,134
Common Operating Costs	0	8,410	0	1,343	**0**	9,753
Gross Operating Costs	**717,359**	**681,231**	**0**	**20,656**	717,359	701,887
Less Misc income from external customers	(19,285)	(15,855)		(2,681)	**(19,285)**	(18,536)
Income and Expenditure with internal customers	0	17,975	0	(17,975)	**0**	0
Net Operating Costs	**698,074**	**683,351**	**0**	**0**	698,074	683,351
Less Non-discretionary	0	0	0	0	**0**	0
Net Operating costs less non-discretionary	**698,074**	**683,351**	**0**	**0**	698,074	683,351
Revenue Resource Limit	704,674	691,590	0	0	**704,674**	691,590
Under/(over) spend against Revenue Resource Limit	**6,600**	**8,239**	**0**	**0**	**6,600**	8,239

Within the operating costs reported above there is expenditure, relating to mainly clinical services, of £144,157k for Calderdale and Huddersfield NHS FT and £109,216k relating to Mid Yorkshire Hospitals NHS Trust. These are the only suppliers which individually account for more than 10% of the PCTs expenditure.

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		683,351
Net operating cost plus (gain)/loss on transfers by absorption	698,074	
Adjusted for prior period adjustments in respect of errors	0	0
Revenue Resource Limit	704,674	691,590
Under/(Over)spend Against Revenue Resource Limit (RRL)	6,600	8,239

The underspend against the Revenue Resource Limit of £6,600k means that we have achieved our planned underspend for the year. The PCT has paid £2.5M into the Strategic Investment Fund held on behalf of PCTs by the Yorkshire and Humber Strategic Health Authority. This will be carried forward to Greater Huddersfield CCG and North Kirklees CCG in 2013-14.

3.2 Capital Resource Limit

	2012-13 £000	2011-12 £000
The PCT is required to keep within its Capital Resource Limit.		
Capital Resource Limit	2,508	2,179
Charge to Capital Resource Limit	2,506	2,141
(Over)/Underspend Against CRL	2	38

3.3 Provider full cost recovery duty

	2012-13 £000	2011-12 £000
The PCT is required to recover full costs in relation to its provider functions.		
Provider gross operating costs	0	20,656
Provider Operating Revenue	0	(2,681)
Net Provider Operating Costs	0	17,975
Costs Met Within PCTs Own Allocation	0	(17,975)
Under/(Over) Recovery of Costs	0	0

3.4 Under/(Over)spend against cash limit

	2012-13 £000	2011-12 £000
Total Charge to Cash Limit	697,163	683,360
Cash Limit	697,163	684,160
Under/(Over)spend Against Cash Limit	0	800

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

	2012-13 £000	2011-12 £000
Total cash received from DH (Gross)	598,677	586,793
Less: Trade Income from DH	0	0
Less/(Plus): movement in DH working balances	0	0
Sub total: net advances	598,677	586,793
(Less)/plus: transfers (to)/from other resource account bodies (free text note required)	0	0
Plus: cost of Dentistry Schemes (central charge to cash limits)	22,555	19,824
Plus: drugs reimbursement (central charge to cash limits)	75,931	76,743
Parliamentary funding credited to General Fund	697,163	683,360

4 Miscellaneous Revenue

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Fees and Charges	**0**	0	0	0
Dental Charge income from Contractor-Led GDS & PDS	**5,638**		5,638	5,565
Dental Charge income from Trust-Led GDS & PDS	**0**		0	76
Prescription Charge income	**3,844**		3,844	3,618
Strategic Health Authorities	**36**	33	3	203
NHS Trusts	**19**	19	0	415
NHS Foundation Trusts	**8**	8	0	177
Primary Care Trusts Contributions to DATs	**0**		0	0
Primary Care Trusts - Other	**4,868**	4,440	428	1,888
Primary Care Trusts - Lead Commissioning	**0**	0	0	0
English RAB Special Health Authorities	**0**	0	0	0
NDPBs and Others (CGA)	**0**	0	0	0
Department of Health - SMPTB	**0**	0	0	0
Department of Health - Other	**0**	0	0	0
Recoveries in respect of employee benefits	**0**	0	0	0
Local Authorities	**492**	0	492	2,565
Patient Transport Services	**0**		0	0
Education, Training and Research	**757**	0	757	1,250
Non-NHS: Private Patients	**0**		0	0
Non-NHS: Overseas Patients (Non-Reciprocal)	**0**		0	0
NHS Injury Costs Recovery	**0**		0	0
Other Non-NHS Patient Care Services	**0**	0	0	0
Charitable and Other Contributions to Expenditure	**0**		0	0
Receipt of donated assets	**0**		0	0
Receipt of Government granted assets	**0**		0	0
Rental revemue from finance leases	**0**	0	0	0
Rental reenue from operating leases	**0**	0	0	0
Other revenue *1	**3,623**	355	3,268	2,779
Total miscellaneous revenue	**19,285**	**4,855**	**14,430**	**18,536**

*1 Other revenue includes Home Office funding for drugs intervention services of £328k (2011/12 £356k). It also includes proceeds from the sale of a former care home property of £665k (£0k in 2011/12)

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	54,232		54,232	42,289
Non-Healthcare	1,291	1,291	0	1,690
Total	55,523	1,291	54,232	43,979
Goods and Services from Other NHS Bodies other than FTs				
Goods and services from NHS Trusts	149,784	52	149,732	151,202
Goods and services (other, excl Trusts, FT and PCT))	18	14	4	653
Total	149,802	66	149,736	151,855
Goods and Services from Foundation Trusts	201,692	1,586	200,106	198,294
Purchase of Healthcare from Non-NHS bodies	103,993		103,993	79,158
Social Care from Independent Providers	0		0	0
Expenditure on Drugs Action Teams	5,369		5,369	6,093
Non-GMS Services from GPs	2,015	0	2,015	2,528
Contractor Led GDS & PDS (excluding employee benefits)	26,587		26,587	27,509
Salaried Trust-Led PDS & PCT DS (excluding employee benefits)	0		0	0
Chair, Non-executive Directors & PEC remuneration	56	56	0	122
Executive committee members costs	0	0	0	63
Consultancy Services	2,245	2,245	0	154
Prescribing Costs	62,287		62,287	64,550
G/PMS, APMS and PCTMS (excluding employee benefits)	57,135	0	57,135	54,923
Pharmaceutical Services	0		0	0
Local Pharmaceutical Services Pilots	0		0	0
New Pharmacy Contract	18,314		18,314	17,717
General Ophthalmic Services	4,217		4,217	4,257
Supplies and Services - Clinical	22	2	20	1,811
Supplies and Services - General	150	2	148	496
Establishment	1,748	1,621	127	1,264
Transport	303	224	79	681
Premises	5,201	2,086	3,115	4,893
Impairments & Reversals of Property, plant and equipment *1	741	0	741	(485)
Impairments and Reversals of non-current assets held for sale	0	0	0	220
Depreciation	1,581	0	1,581	1,601
Amortisation	0	0	0	21
Impairment & Reversals Intangible non-current assets	0	0	0	0
Impairment and Reversals of Financial Assets	0	0	0	0
Impairment of Receivables	0	0	0	0
Inventory write offs	0	0	0	108
Research and Development Expenditure	0	0	0	0
Audit Fees	153	153	0	221
Other Auditors Remuneration	5	0	5	0
Clinical Negligence Costs	0	0	0	0
Education and Training	289	240	49	337
Grants for capital purposes	0	0	0	0
Grants for revenue purposes	133	0	133	0
Impairments and reversals for investment properties	0	0	0	0
Other *2	6,112	610	5,502	7,775
Total Operating costs charged to Statement of Comprehensive Net Expenditure	705,673	10,182	695,491	670,145
Employee Benefits (excluding capitalised costs)				
Employee Benefits associated with PCTMS	0	0	0	0
Trust led PDS and PCT DS	0	0	0	0
PCT Officer Board Members	1,729	1,729	0	1,375
Other Employee Benefits	8,643	7,741	902	29,033
Total Employee Benefits charged to SOCNE	10,372	9,470	902	30,408
Total Operating Costs	716,045	19,652	696,393	700,553

*1 Note 14 Explains Impairments.

*2 Other Costs in 2011/12 include £133k grants to GPs (£265k 2011/12), and £4.8m paid to the local authority under a Section 256 Agreement to support social care (£6,2m 2011/12).

Running Costs

	Total	Commissioning Services	Public Health
PCT Running Costs 2012-13			
Running costs (£000s)	14,758	12,667	2,091
Weighted population (number in units)*	401,821	401,821	401,821
Running costs per head of population (£ per head)	36.73	31.52	5.20
PCT Running Costs 2011-12			
Running costs (£000s)	16,630	14,350	2,280
Weighted population (number in units)	401,821	401,821	401,821
Running costs per head of population (£ per head)	41.39	35.71	5.67

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

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

5.2 Analysis of operating expenditure by expenditure classification	2012-13 £000	2011-12 £000
Purchase of Primary Health Care		
GMS / PMS/ APMS / PCTMS	57,135	54,923
Prescribing costs	62,287	64,550
Contractor led GDS & PDS	26,587	27,509
Trust led GDS & PDS	0	0
General Ophthalmic Services	4,217	4,257
Department of Health Initiative Funding	0	0
Pharmaceutical services	0	0
Local Pharmaceutical Services Pilots	0	0
New Pharmacy Contract	18,314	17,717
Non-GMS Services from GPs	2,015	2,528
Other	0	0
Total Primary Healthcare purchased	**170,555**	171,484
Purchase of Secondary Healthcare		
Learning Difficulties	20,195	17,527
Mental Illness	61,665	59,770
Maternity	23,842	23,614
General and Acute	291,378	282,178
Accident and emergency	40,834	37,202
Community Health Services	73,253	71,530
Other Contractual	53	231
Total Secondary Healthcare Purchased	**511,220**	492,052
Grant Funding		
Grants for capital purposes	0	0
Grants for revenue purposes	133	0
Total Healthcare Purchased by PCT	**681,908**	**663,536**
PCT self-provided secondary healthcare included above	0	17,975
Social Care from Independent Providers	0	0
Healthcare from NHS FTs included above	201,877	196,486

6. Operating Leases

6.1 PCT as lessee

	GP Premises £000	Land £000	Buildings £000	Other £000	2012-13 Total £000	2011-12 £000
Payments recognised as an expense						
Minimum lease payments	0	0	960	18	**978**	3,925
Contingent rents	2885	0	0	0	**2,885**	0
Sub-lease payments	0	0	0	0	**0**	0
Total	**2,885**	0	960	18	**3,863**	**3,925**
Payable:						
No later than one year	2,885	0	939	1	**3,825**	3,751
Between one and five years	11,539	0	3,290	0	**14,829**	14,557
After five years	0	0	1,713	0	**1,713**	2,515
Total	**14,424**	0	5,942	1	**20,367**	**20,823**

Total future sublease payments expected to be received £0 (2011/12 £0)

NHS Kirklees has entered into contracts for services with GPs. These contracts involve the use of GP premises. We have reviewed these arrangements under IAS17 Leases, and IFRIC4 Determining Whether an Arrangement Contains a Lease.

We have determined that these arrangements contain a lease where the PCT reimburses the GP for the rental of GP premises. We have disclosed the value of these reimbursements in note 6.1 above. It is not possible to calculate the amounts payable after five years as the nature of the arrangements with GPs are open ended.

These leases do not involve the legal form of a lease.

6.2 PCT as lessor

The PCT does not receive any income as a lessor (none in 2011/12).

7. Employee benefits and staff numbers

7.1 Employee benefits

2012-13			Permanently employed			Other		
	Total	Admin	Programme	Total	Admin	Programme	Total	Admin	Programme
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Employee Benefits - Gross Expenditure									
Salaries and wages	10,399	9,406	993	6,673	5,680	993	3,726	3,726	0
Social security costs	675	675	0	673	673	0	2	2	0
Employer Contributions to NHS BSA - Pensions Division	994	994	0	991	991	0	3	3	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	(1,696)	(1,696)	0	(1,696)	(1,696)	0	0	0	0
Total employee benefits	10,372	9,379	993	6,641	5,648	993	3,731	3,731	0
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	10,372	9,379	993	6,641	5,648	993	3,731	3,731	0
Employee costs capitalised	0	0	0	0	0	0	0	0	0
Gross Employee Benefits excluding capitalised costs	10,372	9,379	993	6,641	5,648	993	3,731	3,731	0
Recognised as:									
Commissioning employee benefits	10,372			6,641			3,731		
Provider employee benefits	0			0			0		
Gross Employee Benefits excluding capitalised costs	10,372			6,641			3,731		

Employee Benefits - Prior- year

	Total	Permanently employed	Other
	£000	£000	£000
Employee Benefits Gross Expenditure 2012-13			
Salaries and wages	23,320	20,060	3,260
Social security costs	1,642	1,630	12
Employer Contributions to NHS BSA - Pensions Division	2,853	2,832	21
Other pension costs	239	239	0
Other post-employment benefits	0	0	0
Other employment benefits	(189)	(189)	0
Termination benefits	2,543	2,543	0
Total gross employee benefits	30,408	27,115	3,293
Less recoveries in respect of employee benefits	0	0	0
Total - Net Employee Benefits including capitalised costs	30,408	27,115	3,293
Employee costs capitalised	0	0	0
Gross Employee Benefits excluding capitalised costs	30,408	27,115	3,293
Recognised as:			
Commissioning employee benefits	14,227		
Provider employee benefits	16,181		
Gross Employee Benefits excluding capitalised costs	30,408		

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	1	0	13	12	1
Ambulance staff	0	0	0	0	0	0
Administration and estates	223	191	32	319	303	16
Healthcare assistants and other support staff	0	0	0	74	61	13
Nursing, midwifery and health visiting staff	14	14	0	237	230	7
Nursing, midwifery and health visiting learners	0	0	0	0	0	0
Scientific, therapeutic and technical staff	10	9	1	64	61	3
Social Care Staff	0	0	0	0	0	0
Other	0	0	0	8	6	2
TOTAL	248	215	33	715	673	42
Of the above - staff engaged on capital projects	0	0	0	0	0	0

7.3 Staff Sickness absence and ill health retirements

	2012-13 Number	2011-12 Number
Total Days Lost	1,579	8,138
Total Staff Years	219	980
Average working Days Lost	7.21	8.30

(Note: this should be included in the PCT's annual report. Inclusion in accounts is optional)

	2012-13 Number	2011-12 Number
Number of persons retired early on ill health grounds	0	4
	£000s	£000s
Total additional pensions liabilities accrued in the year	0	206

7.4 Exit Packages agreed during 2012-13

	2012-13			2011-12		
Exit package cost band (including any special payment element)	***Number of compulsory redundancies**	***Number of other departures agreed**	**Total number of exit packages by cost band**	***Number of compulsory redundancies**	***Number of other departures agreed**	**Total number of exit packages by cost band**
	Number	**Number**	**Number**	**Number**	**Number**	**Number**
Lees than £10,000	0	1	1	0	1	1
£10,001-£25,000	4	2	6	0	2	2
£25,001-£50,000	0	0	0	0	6	6
£50,001-£100,000	1	2	3	0	0	0
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	1	1
>£200,000	1	0	1	0	0	0
Total number of exit packages by type (total cost	6	5	11	0	10	10
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Total resource cost	411	164	575	0	391	391

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

This disclosure reports the number and value of exit packages agreed in the year.

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	**22,529**	**132,400**	23,371	113,721
Total Non-NHS Trade Invoices Paid Within Target	**20,762**	**116,081**	22,186	106,351
Percentage of NHS Trade Invoices Paid Within Target	92.16%	87.67%	94.93%	93.52%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**4,005**	**410,584**	3,686	400,024
Total NHS Trade Invoices Paid Within Target	**3,453**	**376,706**	3,361	394,392
Percentage of NHS Trade Invoices Paid Within Target	86.22%	91.75%	91.18%	98.59%

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

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

The PCT has not made any payments relating to claims made under this legislation (2011/12 none).

9. Investment Income

The PCT does not receive any investment income (2011/12 none).

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 held for sale	39	39	0	0
Total	39	39	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	964	0	964	758
- contingent finance cost	367	0	367	547
Total interest expense	1,331	0	1,331	1,305
Other finance costs	0	0	0	4
Provisions - unwinding of discount	22	0	22	25
Total	1,353	0	1,353	1,334

12.1 Property, plant and equipment

2012-13	Land	Buildings excluding dwellings	Assets under construction and payments on account	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:							
At 1 April 2012	3,647	27,094	177	639	5,805	1,445	38,807
Additions Purchased	0	1,473		43	956	50	2,522
Disposals other than for sale	0	(34)	0	0	(2,305)	(913)	(3,252)
At 31 March 2013	3,647	28,533	177	682	4,456	582	38,077
Depreciation							
At 1 April 2012	0	0	177	108	4,005	1,018	5,308
Disposals other than for sale	0	(34)		0	(2,305)	(913)	(3,252)
Impairments	0	0	0	44	683	14	741
Charged During the Year	0	864		69	595	53	1,581
At 31 March 2013	0	830	177	221	2,978	172	4,378
Net Book Value at 31 March 2013	3,647	27,703	0	461	1,478	410	33,699
Purchased	3,647	27,703	0	461	1,478	410	33,699
Total at 31 March 2013	3,647	27,703	0	461	1,478	410	33,699
Asset financing:							
Owned	3,647	9,889	0	461	1,478	410	15,885
On-SOFP PFI contracts	0	17,814	0	0	0	0	17,814
Total at 31 March 2013	3,647	27,703	0	461	1,478	410	33,699

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Assets under construction & payments on account	Plant & machinery	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2012	1,485	1,046	0	0	0	0	2,531
Movements (specify)	(730)	(47)	0	0	0	0	(777)
At 31 March 2013	755	999	0	0	0	0	1,754

12.2 Property, plant and equipment

2011-12	Land	Buildings excluding dwellings	Assets under construction and payments on account	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:							
At 1 April 2011	**3,828**	**25,409**	**177**	**2,307**	**5,393**	**1,444**	**38,558**
Additions - purchased	0	1,597	0	131	412	1	**2,141**
Reclassified as held for sale	0	0	0	(1,799)	0	0	**(1,799)**
Revaluation & indexation gains	533	3,431	0	0	0	0	**3,964**
Impairments	(714)	(3,269)	0	0	0	0	**(3,983)**
Reversals of impairments	0	266	0	0	0	0	**266**
Cumulative dep netted off cost following reva	0	(340)	0	0	0	0	**(340)**
At 31 March 2012	**3,647**	**27,094**	**177**	**639**	**5,805**	**1,445**	**38,807**
Depreciation							
At 1 April 2011	**0**	**0**		**1,609**	**3,362**	**965**	**5,936**
Reclassifications as Held for Sale	0	0		(1,581)	0	0	**(1,581)**
Impairments	0	912	0	0	0	0	**912**
Reversal of Impairments	0	(1,397)	0	0	0	0	**(1,397)**
Charged During the Year	0	825		80	643	53	**1,601**
Cumulative dep netted off cost following reva	0	(340)	0	0	0	0	**(340)**
At 31 March 2012	**0**	**0**	**0**	**108**	**4,005**	**1,018**	**5,131**
Net Book Value at 31 March 2012	**3,647**	**27,094**	**177**	**531**	**1,800**	**427**	**33,676**
Purchased	3,647	27,094	0	531	1,800	427	**33,499**
At 31 March 2012	**3,647**	**27,094**	**0**	**531**	**1,800**	**427**	**33,499**
Asset financing:							
Owned	3,647	8,840	0	531	1,800	427	**15,245**
On-SOFP PFI contracts	0	18,254	0	0	0	0	**18,254**
At 31 March 2012	**3,647**	**27,094**	**0**	**531**	**1,800**	**427**	**33,499**

12.3 Property, plant and equipment

The PCT has not revalued its land an buildings during the financial year.

The PCT revalued all of its land an buildings as at 31 March 2012.

The valuations were undertaken by independent valuers employed by the District Valuation Service.

The valuations were undertaken in accordance with the terms of the Royal Institution of Chartered Surveyors' Calculation Standards, 6th Edition, insofar as these terms are consistent with the requirements of the HM Treasury, the National Health Service and the Department of Health.

13.1 Intangible non-current assets

2012-13	Software purchased	Total
	£000	£000
At 1 April 2012	163	163
Additions - purchased	35	35
At 31 March 2013	198	198
Amortisation		
At 1 April 2012	163	163
At 31 March 2013	163	163
Net Book Value at 31 March 2013	35	35
Net Book Value at 31 March 2013 comprises		
Purchased	35	35
Total at 31 March 2013	35	35

Revaluation reserve balance for intangible non-current assets

There is no balance in the revaluation reserve in respect of donated assets (2011/12 nil).

13.2 Intangible non-current assets

2011-12	Software purchased	Total
	£000	£000
At 1 April 2011	163	163
At 31 March 2012	163	163
Amortisation		
At 1 April 2011	142	142
Charged during the year	21	21
At 31 March 2012	163	163
Net Book Value at 31 March 2012	0	0
Net Book Value at 31 March 2012 comprises		
Purchased	0	0
Total at 31 March 2012	0	0

13.3 Economic Lives of Non-Current Assets

	Min Life Years	Max Life Years
Property, Plant and Equipment		
Buildings exc Dwellings	0	89
Plant & Machinery	0	9
Information Technology	0	5
Furniture and Fittings	0	10
Intangible Assets		
Software Licences	0	0

Open Market Value of Assets at balance sheet date	Land £000s	Buildings excl. dwellings £000s	Total £000s
Open Market Value at 31 March 2013	3,647	27,703	31,350
Open Market Value at 31 March 2012	3,648	27,094	30,742

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	741		741
Loss as a result of catastrophe	0		0
Other	0		0
Changes in market price	0		0
Total charged to Annually Managed Expenditure	**741**		**741**
Total Impairments of Property, Plant and Equipment	**741**	**0**	**741**
Overall Total Impairments	**741**	**0**	**741**

15 Investment property

We do not have any investment property.

16 Commitments

16.1 Capital commitments

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

	31 March 2013 £000	31 March 2012 £000
Property, plant and equipment	0	886
Intangible assets	0	0
Total	0	886

16.2 Other financial commitments

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

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	2,148	0	5,829	0
Balances with Local Authorities	0	0	0	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	424	0	5,431	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	1,509	0	31,484	0
At 31 March 2013	4,081	0	42,744	0
prior period:				
Balances with other Central Government Bodies	816	0	1,955	0
Balances with Local Authorities	103	0	2,357	0
Balances with NHS Trusts and Foundation Trusts	630	0	5,197	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	1,451	0	31,047	0
At 31 March 2012	3,000	0	40,556	0

18 Inventories

	Loan Equipment £000	Total £000
Balance at 1 April 2012	**258**	**258**
Additions	0	**0**
Inventories recognised as an expense in the period	0	**0**
Write-down of inventories (including losses)	0	**0**
Reversal of write-down previously taken to SoCNE	0	**0**
Transfers (to)/from other public sector bodies	0	**0**
Balance at 31 March 2013	**258**	258

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	**2,168**	1,191	**0**	0
NHS receivables - capital	**0**	0	**0**	0
NHS prepayments and accrued income	**0**	0	**0**	0
Non-NHS receivables - revenue	**272**	421	**0**	0
Non-NHS receivables - capital	**0**	0	**0**	0
Non-NHS prepayments and accrued income	**835**	1,126	**0**	0
Provision for the impairment of receivables	**0**	0	**0**	0
VAT	**404**	255	**0**	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	**0**	0	**0**	0
Interest receivables	**0**	0	**0**	0
Finance lease receivables	**0**	0	**0**	0
Operating lease receivables	**0**	0	**0**	0
Other receivables	**(2)**	7	**0**	0
Total	**3,677**	3,000	**0**	0
Total current and non current	**3,677**	3,000		
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	**16**	91
By three to six months	**13**	9
By more than six months	**6**	14
Total	**35**	114

19.3 Provision for impairment of receivables

We do not have a provision for the impairment of receivables.

20 NHS LIFT investments

We do not have any NHS LIFT investments.

21.1 Other financial assets - Current

We do not have any other current financial assets.

21.2 Other Financial Assets - Non Current

We do not have any other non current financial assets.

22 Other current assets

We do not have any other current assets.

23 Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Opening balance	1	1
Net change in year	3	0
Closing balance	4	1
Made up of		
Cash with Government Banking Service	4	1
Cash and cash equivalents as in statement of financial position	4	1
Bank overdraft - Government Banking Service	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in statement of cash flows	4	1
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	750	51	0	**801**
Plus assets classified as held for sale in the year	0	0	0	**0**
Less assets sold in the year	0	(51)	0	**(51)**
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	**750**	**0**	**0**	**750**
Liabilities associated with assets held for sale at 31 March 2013	**0**	**0**	**0**	**0**
				0
Balance at 1 April 2011	750	51	0	**801**
Plus assets classified as held for sale in the year	0	0	218	**218**
Less assets sold in the year	0	0	0	**0**
Less impairment of assets held for sale	0	0	(218)	**(218)**
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	**750**	**51**	**0**	**801**
Liabilities associated with assets held for sale at 31 March 2012	0	0	0	**0**

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

At 31 March 2012	0
At 31 March 2013	729

The land shown as held for sale is expected to be sold to the owners of the GP premises standing on the land by summer 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	**9,833**	7,044	**0**	0
NHS payables - capital	**1,006**	0	**0**	0
NHS accruals and deferred income	**0**	108	**0**	0
Family Health Services (FHS) payables	**12,481**	15,516		
Non-NHS payables - revenue	**11,577**	9,682	**0**	0
Non-NHS payables - capital	**54**	308	**0**	0
Non_NHS accruals and deferred income	**6,220**	7,443	**0**	0
Social security costs	**340**	0		
VAT	**0**	0	**0**	0
Tax	**81**	0		
Payments received on account	**0**	0	**0**	0
Other	731	455	0	0
Total	**42,323**	40,556	**0**	0
Total payables (current and non-current)	**42,323**	**40,556**		

Other payables include £0 (2011-12: £0) in respect of payments due in future years under arrangements to buy out the liability for early retirements; and £0k (2011-12: £0k) in respect of outstanding pensions contributions at 31 March 2013.

26 Other liabilities

We do not have any other liabilities.

27 Borrowings

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Bank overdraft - Government Banking Service	**0**	0		
Bank overdraft - commercial banks	**0**	0		
PFI liabilities:				
Main liability	**784**	712	**23,933**	24,815
Lifecycle replacement received in advance	**0**	0	**0**	0
LIFT liabilities:				
Main liability	**0**	0	**0**	0
Lifecycle replacement received in advance	**0**	0	**0**	0
Finance lease liabilities	**0**	0	**0**	0
Other (describe)	**0**	0	**0**	0
Total	**784**	**712**	**23,933**	**24,815**
Total other liabilities (current and non-current)	**24,717**	**25,527**		

Borrowings/Loans - Payment of Principal Falling Due in:

	DH	Other	Total
	£000s	**£000s**	**£000s**
0 - 1 Years	0	784	**784**
1 - 2 Years	0	1,687	**1,687**
2 - 5 Years	0	1,790	**1,790**
Over 5 Years	0	20,456	**20,456**
TOTAL	**0**	**24,717**	**24,717**

28 Other financial liabilities

We do not have any other financial liabilities.

29 Deferred income

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
Opening balance at1 April 2012	**561**	583	**0**	1,360
Deferred income addition	**0**	0	**0**	0
Transfer of deferred income	**(550)**	(22)	**0**	(1,360)
Current deferred income at 31 March 2013	**11**	561	**0**	0
Total other liabilities (current and non-current)	**11**	**561**		

30 Finance lease obligations

The PCT does not have any finance lease obligations other than on Statement of Financial Position Private Finance Initiatives, and these are detailed in Note 34.

31 Finance lease receivables as lessor

The PCT does not have any finance lease receivables as a lessor.

32 Provisions

	Total £000s	Pensions to Former Directors £000s	Pensions Relating to Other Staff £000s	Legal Claims £000s	Restructuring £000s	Continuing Care £000s	Equal Pay £000s	Agenda for Change £000s	Other £000s	Redundancy £000s
Balance at 1 April 2012	**6,234**	0	1,143	674	680	1,155	0	0	0	2,582
Arising During the Year	**5,484**	0	0	524	0	4,960	0	0	0	0
Utilised During the Year	**(1,799)**	0	(941)	(160)	(155)	(7)	0	0	0	(536)
Reversed Unused	**(2,889)**	0	0	(318)	(525)	0	0	0	0	(2,046)
Unwinding of Discount	**22**	0	18	4	0	0	0	0	0	0
Change in Discount Rate	**0**	0	0	0	0	0	0	0	0	0
Transferred (to)/from otherPublic Sector bodies	**0**	0	0	0	0	0	0	0	0	0
Balance at 31 March 2013	7,052	0	220	724	0	6,108	0	0	0	0
Expected Timing of Cash Flows:										
No Later than One Year	**6,998**	**0**	**165**	**724**	**0**	**6,109**	**0**	**0**	**0**	**0**
Later than One Year and not later than Five Years	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Later than Five Years	**54**	**0**	**55**	**0**	**0**	**(1)**	**0**	**0**	**0**	**0**

£0k is included in the provisions of the NHS Litigation Authority at 31/3/2013 in respect of clinical negligence liabilities of the PCT (31/03/2011 £0k).

Of the total £7.1m (2011/12 £6.2m) of provisions held by the PCT, £6.1m relate to restitution claims relating to continuing care fuding.

Legal claims relate to potential negligence claims and other claims under legal contracts.

As a result of the introduction of deadlines for the assessment of a patient's eligibility for continuing healthcare funding, a significant number of retrospective claims for continuing healthcare funding up to 31 March 2013 have been received by the PCT. A provision has been made for the expected cost of these claims, but actual costs will only be confirmed on completion of in-depth case reviews which will be completed in the following financial year. Actual claim values will differ from the estimates made, but the overall difference is not expected to be material.

33 Contingencies

	31 March 2013 £000	31 March 2012 £000
Contingent liabilities		
Equal Pay	**0**	0
Other	**0**	0
Amounts Recoverable Against Contingent Liabilities	**0**	0
Net Value of Contingent Liabilities	0	0

note 32 describes the estimation uncertainty relating to CHC liabilities. In the light of this uncertainty it is possible that the actual liabilities will be different from the amount provided for in note 32. While the precise liability cannot be estimated with certainty it is highly unlikely to be materially different from the amount provided for.

Contingent Assets		
Contingent Assets *(give details)*	**6,636**	6,936
Net Value of Contingent Assets	**6,636**	6,936

The contingent assets relate to 21 (21 in 2011/12) properties used to provide residential care for patients with mental health or learning disability needs.

The purchase of these properties was funded in part or whole by grants from NHS bodies which were predecessor bodies of NHS Kirklees. The PCT has a legal charge on these properties which was placed on them at the time the grants were made.

If the properties cease to be used to provide the care services specified in the legal charges the PCT is entitled to receive a sum of money which is specified by reference to the market value of the properties at that time. The aggregate value of these are shown above. They are based on current market values of the properties as assessed by the District Valuer. The properties are difficult to value precisely and the amounts realised may be different when the properties are sold.

34 PFI and LIFT - additional information

In 2005/06 North Kirklees PCT entered into a PFI scheme to build and operate 5 new health centres. In 2006/07, North Kirklees PCT merged with Huddersfield Central PCT and South Huddersfield to form Kirklees PCT. The PFI scheme transferred to Kirklees PCT as part of this merger. The 5 health centres are in Ravensthorpe, Dewsbury, Batley, Cleckheaton, and Eddercliffe.

The PFI runs until 2036. The unitary payment is revised at the start of each financial year in line with the retail price index movement between February and February.

The PFI provider is required to maintain the assets in good working order as specified within the Project Agreement To do this it is obliged to provide a range of services which include estates, utilities, domestic services, grounds maintenance. The standards to which these are delivered are covered in the Project Agreement.

At the end of the PFI in 2036 the assets transfer to the PCT for no further payment.

Under IFRIC 12, the asset is treated as an asset of the PCT. 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 - details of the imputed finance lease charges are shown in the table below.

The PFI is an on SOFP PFI. We do not have any off SOFP PFIs. We do not have any LIFT Schemes.

	31 March 2013 £000	31 March 2012 £000
34.1 Charges to operating expenditure and future commitments in respect of ON and OFF SOFP PFI		
Total charge to operating expenses in year - OFF SOFP PFI	**0**	0
Service element of on SOFP PFI charged to operating expenses in year	**511**	499
Total	**511**	499
Payments committed to in respect of off SOFP PFI and the service element of on SOFP PFI		
No Later than One Year	**536**	536
Later than One Year, No Later than Five Years	**2,144**	2,144
Later than Five Years	**9,348**	9,884
Total	**12,028**	12,564
34.2 Imputed "finance lease" obligations for on SOFP PFI contracts due		
Analysed by when PFI payments are due		
No Later than One Year	**1,524**	1,524
Later than One Year, No Later than Five Years	**6,096**	6,096
Later than Five Years	**26,867**	28,334
Subtotal	**34,487**	35,954
Less: Interest Element	**(9,656)**	(10,427)
Total	**24,831**	25,527

35 Impact of IFRS treatment - 2012-13

	Total £000	Admin £000	Programme £000
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g LIFT/PFI)			
Depreciation charges	**484**	0	484
Interest Expense	**964**	0	964
Impairment charge - AME	**0**		0
Impairment charge - DEL	**0**	0	0
Other Expenditure	**890**	0	890
Revenue Receivable from subleasing	**0**	0	0
Total IFRS Expenditure (IFRIC12)	**2,338**	**0**	**2,338**
Revenue consequences of LIFT/PFI schemes under UK GAAP / ESA95 (net of any sublease income)	**(2,293)**	0	(2,293)
Net IFRS change (IFRIC12)	**45**	**0**	**45**

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' £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0			**0**
Receivables - NHS		2,078		**2,078**
Receivables - non-NHS		318		**318**
Cash at bank and in hand		4		**4**
Other financial assets	0	0	0	**0**
Total at 31 March 2013	**0**	**2,400**	**0**	**2,400**
Embedded derivatives	0			0
Receivables - NHS		1,191		1,191
Receivables - non-NHS		662		662
Cash at bank and in hand		1		1
Other financial assets	0	0	0	0
Total at 31 March 2012	0	1,854	0	1,854

36.2 Financial Liabilities

	At 'fair value through profit and loss' £000	Other £000	Total £000
Embedded derivatives	0		**0**
NHS payables		11,472	**11,472**
Non-NHS payables		30,922	**30,922**
Other borrowings		0	**0**
PFI & finance lease obligations		24,717	**24,717**
Other financial liabilities	0	0	**0**
Total at 31 March 2013	**0**	**67,111**	**67,111**
Embedded derivatives	0		0
NHS payables		7,696	7,696
Non-NHS payables		32,980	32,980
Other borrowings		0	0
PFI & finance lease obligations		25,527	25,527
Other financial liabilities	0	0	0
Total at 31 March 2012	0	66,203	66,203

37 Related party transactions

Kirklees Primary Care Trust is a body corporate established by order of the Secretary of State for Health. During the year none of the Department of Health Ministers, Board Members or members of the key management staff or parties related to them has undertaken any material transactions with Kirklees Primary Care Trust.

During the year a number of General Medical Practitioners and Dentists receive personal remuneration as Board, or PEC members. The PEC was disolved during the year and replaced with Shadow Clinical Commissioning Groups, on which a number of GPs sat, and for which their practices are reimbursed to allow them to release the GPs.
During the year their practices received remuneration in accordance with GMS/PMS and dental contracts as below:

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£000	£000	£000	£000
Dr J Ford	2,367	0	113	0
Dr D E Wood	785	0	25	0
Dr A P Mehrotra	359	0	16	0
Dr A Aggarwal	1,477	0	59	0
Dr A Handa	477	0	17	0
Dr J Parker	1,152	0	58	0
Dr D Hughes	1,729	0	79	0
Dr P Wilding	836	0	106	0
Dr K Dean	1,316	0	48	0
Dr D Ashraf	1,021	0	58	0
Dr S Ollerton	1,194	0	61	0
Dr F Kohi	1,846	0	113	0
Dr K Naeem	1,692	0	105	0
Dr Y Mahmood	850	0	50	0
R Kilburn	850	0	50	0
Dr D Kelly	1,585	0	65	0
Dr N Ghafoor	1,396	0	94	0
K Greaves	608	0	25	0

In addition a number of GPs sitting on the Shadow Clinical Commissioning Groups are directors of local pharmacies. These pharmacies received remuneration under the national pharmacy contract as below:

Dr J Ford	154	0	0	0
Dr D Kelly	265	0	0	0

Prior year comparisons for 2011/12 are as below;

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£000	£000	£000	£000
Dr D Anderson	2,283	0	144	0
Dr J Ford	2,283	0	144	0
Dr D E Wood	891	0	49	0
Dr A P Mehrotra	349	0	21	0
Dr A Aggarwal	1,362	0	66	0
Dr B Jindal	1,106	0	86	0
Dr A Handa	439	0	30	0
Dr J Parker	1,058	0	75	0
Dr D Hughes	1,766	0	111	0
Dr P Wilding	729	0	38	0
Dr K Dean	1,308	0	65	0
Dr D Ashraf	962	0	64	0
Dr S Ollerton	1,148	0	74	0
Dr F Kohi	1,804	0	142	0
Dr K Naeem	1,671	0	110	0
Dr Y Mahmood	822	0	53	0
R Kilburn	822	0	53	0
Dr D Kelly	1,461	0	84	0
Dr N Ghafoor	1,155	0	69	0
K Greaves	491	0	27	0

In addition a number of GPs sitting on the Shadow Clinical Commissioning Groups are directors of local pharmacies. These pharmacies received

Dr J Ford	50	0	0	0
Dr D Kelly	306	0	0	0

In addition a GP sitting on a Shadow Clinical Commissioning Group is a director of a company providing secondary care services to the PCT. This

Dr P Wilding	281	0	73	0

The Department of Health is regarded as a related party. During the year Kirklees Primary Care Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are listed below:

	2012-13	2011-12
	£000	£000
Mid Yorkshire Hospital NHS Trust	109,216	110,495
Calderdale and Huddersfield NHS Foundation Trust	144,157	143,765
Leeds Teaching Hospitals NHS Trust	22,238	23,791
South West Yorkshire Partnerships NHS Foundation Trust	40,140	39,918
Bradford Hospitals NHS Teaching Trust	5,736	5,864
Yorkshire Ambulance Service NHS Trust	17,563	16,188
Prescription Pricing Authority	80,601	82,267
Barnsley PCT	53,470	40,974

In addition, the Primary Care Trust has had a significant number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with Kirklees Council.

38 Losses and special payments

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	7,661	20
Special payments - PCT management costs	258,172	1
Losses in respect of the provision of family practitioner services	0	0
Special payments in respect of he provision of family practitioner services	0	0
Total losses	7,661	20
Total special payments	258,172	1
Total losses and special payments	**265,833**	**21**

The total number of losses cases in 2010-11and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Losses - PCT management costs	2,950	28
Special payments - PCT management costs	24,832	1
Losses in respect of the provision of family practitioner services	0	0
Special payments in respect of he provision of family practitioner services	0	0
Total losses	2,950	28
Total special payments	24,832	1
Total losses and special payments	27,782	29

Details of cases individually over £250,000
The one case of special payment in 2012/13 relates to a historic claim for personal work related injury. This claim pre-dates the PCT, but we are responsible for the financial consequences as theresponsible successor body. This case has been managed on our behalf by the Strategic Health Authority.

39 Third party assets

The PCT held £0 cash and cash equivalents at 31 March 2013 on behalf of patients (£0 at 31 March 2012).

40 Kirklees Integrated Community Equipment Services Pooled Budget

Kirklees PCT has a pooled budget arrangement hosted by Kirklees Council, the Kirklees Integrated Community
The draft memorandum account for the pooled budget is included below:

	2012-13 £000	2011-12 £000
Gross Funding		
Kirklees PCT	1,394	1,094
Kirklees Council	1,765	1,887
	3,159	2,981
Add Balance b/f from previous year	269	139
Total Funding	**3,428**	**3,120**
Expenditure		
Equipment and Overheads	2,707	2,765
Management Overheads	93	86
Total Expenditure	**2,800**	**2,851**
Net (Surplus)/Deficit	**(628)**	**(269)**

41 Cashflows relating to exceptional items

None. (2011/12 None).

42.1 Events after the end of the reporting period

The PCT closed on the 31st March 2013. The activities undertaken by the PCT passed to a number of successor organisations as described below:

Greater Huddersfield and North Kirklees CCGs: Responsible for commissioning local healthcare services hospital, community, mental health and learning disability providers.

Local Area Team of the National Commissioning Board: Responsible for commissioning specialist hospital care, primary, dental, and ophthalmic services.

Kirklees LA: Responsible for local public health services.

Public Health England: Responsible for public health services including national screening programmes.

The activities we provided have been transferred to the successor organisations on a 'going concern' basis and we put a number of arrangements in place during the year to make the transition as smooth as possible.

An estimate of the values of the functions transferred is listed below.

	£ Million
Greater Huddersfield & North Kirklees Clinical Commissioning Groups - Commissioning of Secondary Care	511
NHS England - Commissioning Of Primary Care & Specialised Commissioning	171
Kirklees Metropolitan District Council	10

The majority of fixed assets (£31,427), together with the associated revaluation reserve (£2,483) & PFI liability (£24,717), have transferred to NHS Property Services 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.
The majority of the debtors and creditors have been transferred to the books of Greater Huddersfield CCH and North Kirklees CCG.

INDEPENDENT AUDITOR'S REPORT TO THE SIGNING OFFICERS OF KIRKLEES PRIMARY CARE TRUST

We have audited the financial statements of Kirklees Primary Care Trust (PCT) for the year ended 31 March 2013 on pages 4 to 47. 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.

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

Respective responsibilities of Signing Officer and auditor

As explained more fully in the Statement of the Responsibilities of the Signing Officer, the Signing Officer is responsible for the preparation of financial statements which 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 PCT's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the PCT; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Kirklees PCT as at 31 March 2013 and of its expenditure and income 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.

INDEPENDENT AUDITOR'S REPORT TO THE SIGNING OFFICERS OF KIRKLEES PRIMARY CARE TRUST

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

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

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

In our opinion:

- the part of the Remuneration Report subject to audit has been properly prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England; and

- the information given in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Code of Audit Practice 2010 for local NHS bodies requires us to report to you if:

- in our opinion, the Governance Statement does not reflect compliance with the Department of Health's requirements;
- any referrals to the Secretary of State have been made under section 19 of the Audit Commission Act 1998; or
- any matters have been reported in the public interest under the Audit Commission Act 1998 in the course of, or at the end of, the audit.

Conclusion on the PCT's arrangements for securing economy, efficiency and effectiveness in the use of resources

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

We have undertaken our audit in accordance with the Code of Audit Practice 2010 for local NHS bodies, having regard to the guidance issued by the Audit Commission in November 2012. We have considered the results of the following:

- our review of the Governance Statement; and

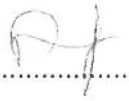
- the work of other relevant regulatory bodies or inspectorates, to the extent that the results of this work impact on our responsibilities at the PCT.

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

INDEPENDENT AUDITOR'S REPORT TO THE SIGNING OFFICERS OF KIRKLEES PRIMARY CARE TRUST

Certificate

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



..... 6 June 2013

Paul Lundy for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW

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.

06 June 2013 .....Signing Officer

06 June 2013 .....Finance Signing Officer

2012-13 Annual Accounts of Kirklees 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.

* except for capital/revenue expenditure in excess of resource limits which was not intended by Parliament and did not conform to the authorities which govern them.

Signed.....Designated Signing Officer

Name: Mr Andy Buck, Signing Officer, West Yorkshire Area Team

Date 6/6/13

NHS KIRKLEES (Kirklees Primary Care Trust)

5N2 Kirklees

GOVERNANCE STATEMENT 2012/13

1.0 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.

Patient safety remains our first priority and I take personal responsibility for this along with safeguarding the public funds and the organisation's assets, as set out in the Accountable Officer Memorandum. I am also responsible for ensuring that the organisation is administered efficiently and effectively within our resources. Internal auditors have throughout the year reviewed governance arrangements and found these to be satisfactory.

NHS Kirklees is part of the local health and social care economy that aims to improve health wellbeing for the people of Kirklees. It supports the development of local services to deliver better health, in partnership with other stakeholders. Our Operating Plan set out our objectives and targets for the short and medium term. The Board oversees delivery of our Strategic and Operating Plans, supported by its sub-committee arrangements which maintain focus on our local priorities. The NHS North of England assesses and monitors performance of the PCT against national and local objectives through the reporting arrangements in place with the SHA.

2.0 The Governance Framework of the Organisation

NHS Kirklees PCT operates within a cluster arrangement with the three Boards of Calderdale, Kirklees and Wakefield District Primary Care Trusts which has responsibility for overseeing the transition to the new structure of the NHS. This arrangement retained the three Boards is accountable and responsible for the commissioning of safe and effective local health services within the financial resources.

There is one executive management structure including one Chief Executive and Accountable Officer for the three organisations and one set of executive directors and non executive directors who sat on the Boards of all three organisations. Standing Orders and Standing Financial Instructions were in place.

As Chief Executive I appointed a Chief Operating Officer for Kirklees PCT until June 2012 with responsibility for operational management of the organisation to ensure a sound governance framework within the organisation on my behalf. A Shadow Accountable Officer for the two Clinical Commissioning Groups (CCGs) was in place from July 2012, when the Chief Operating Officer role ceased.

2.1 Board Committee Structure

The governance structure had the following cluster wide Board Committees in place:

- Audit Committee
- Remuneration and Terms of Service Committee
- Governance Committee
- Clinical Commissioning Executives
- Yorkshire and the Humber Specialised Commissioning Group
- Joint Committee of the West Yorkshire Commissioning Support Unit (from July 2012)
- Procurement Committee (from October 2012)

The Clinical Commissioning Executives were supported by three reporting sub- groups covering Audit and Governance, Finance and Performance and Quality.

Terms of reference agreed by the Board were in place for all Board sub committees.

Membership of the Board committees was in line with the organisation's Standing Orders, with three Non Executive Directors as members of the Audit Committee. There was a balance of Directors and Non Executive Directors who collectively took responsibility for the organisation. Once appointed, the Shadow Accountable Officers of the CCG attended Board meetings.

Good attendance was maintained at Board and Board subcommittee meetings throughout 2012/13 and this is demonstrated in the minutes.

The Committee structure was re-assessed during the year and the following changes were made to support an effective governance framework:

- Joint Committee of West Yorkshire Commissioning Support Unit (WYCSU) established with the neighbouring cluster, NHS Airedale, Bradford and Leeds, to establish and oversee the management of the WYCSU in shadow form during 2012/13 , operating within Standing Financial Instructions, to ensure it is fit for purpose as a CSU from April 2013

- Governance Committee - terms of reference revised and approved by the Board twice to refocus the committee's work to support transition (once in June 2012 to reflect changes to membership and once in September 2012 to ensure the Committee focussed on assurance relating to handover and transition issues)

- The frequency of Board meetings was reviewed in July 2012, being reduced for

the latter part of the year as the Clinical Commissioning Executives began to prepare to work as a Shadow Governing Bodies, with the Shadow Accountable Officers reporting to the Board

- A Procurement Committee was established by the Board once the frequency of Board meetings was reduced to ensure that procurement decisions were managed in a timely manner.

- Amendments were made to the terms of reference of the Commissioning Executive Committees and Standing Financial Instructions to enable the Chief Operating Officer and Shadow Accountable Officer to take on delegated limits.

The Cluster Board has had an independent review of the effectiveness of its governance arrangements from internal auditors who confirmed an audit opinion of significant assurance for governance arrangements

2.2 Coverage of work by Board

During 2012/13 the Board meetings covered a wide range of work which is outlined below.

- Chief Executive Reports
- Quality and Performance Reports
- Finance and QIPP reports
- Board Assurance Framework
- Governance and Risk Reports
- Transformation Report
- Commissioning Development and Transition Reports
- CCG report
- Review of Committee minutes
- Annual Reports

Seven Board meetings were held in public during the year. The Board also held business meetings during the year.

2.3 Audit Committee

The Audit Committee performed the key role of reviewing and monitoring the system of internal control during 2012/13, supported by an Audit and Governance group was which reported to the Clinical Commissioning Executives. The chair of the Audit and Governance group is a Non Executive Director and a member of the Cluster Audit Committee, ensuring linkage between the two groups.

These arrangements have included regular reports on the work and findings of the internal and external auditors. Minutes of the Audit Committee were reported regularly to the Board and minutes of the Audit and Governance Group were reviewed by the Cluster Audit Committee.

2.4 Transition

To ensure that there was appropriate focus on governance, transition and closedown I appointed a Director of Corporate Development and Transition from July 2012, who established a Transition Programme Office and Transition and Closedown Steering Group to oversee effective handover and closure, reporting to the Governance Committee on progress with transition.

The following actions for completing operational handover and closure and ensuring scrutiny of these arrangements are given below.

- Two events held across West Yorkshire with receiver organisations, to confirm the details of the transition process, supported by legal advisors
- Face to face meetings to produce the due diligence information in preparation of transfer scheme documentation.
- Attendance at the Public Health Transition Steering Group meetings
- Attendance at the CCG senior management team meetings
- Engagement with West Yorkshire Commissioning Support Unit (WYCSU) transition team
- Clarification of sign off process for transition for NHS Commissioning Board
- 'Page turn' process for the quality handover document with providers
- Programme highlight report produced for Cluster Governance Committee
- Assurance on transition process from Internal audit, through attendance at Steering Group meetings and a high level review to consider the governance arrangements and structures in place to manage the transition, confirming that the programme was well structured and key milestones had been achieved
- External audit (KPMG) have also received the appropriate level of information to provide assurance
- All ongoing risks have a future risk destination identified within the risk register
- Risks will be handed over as part of the quality and legacy process
- Quality Assembly held on 19 March 2013 for the formal handover of the quality documentation to receivers
- Board scrutiny of transfer documentation on 21 March 2013, including review of corporate legacy documentation

2.5 Accounts Scrutiny and Handover for 2012/13

In line with Department of Health guidance the NHS Calderdale, Kirklees and Wakefield District cluster will establish a cluster wide sub-committee of the Department of Health's own Audit and Risk committee. This sub-committee will meet in early June to review the annual report, financial statements and governance statement of the PCT prior to sign off by the West Yorkshire Area Team Director and Director of Finance. The three existing members of the cluster Audit Committee have agreed to be members of this committee.

To support this committee in discharging it's functions the two local CCGs will review the PCT annual report, financial statements and governance statements through their own Audit Committees in April and May and will provide feedback to the cluster wide Audit

sub-committee.

In addition the draft governance statement will be reviewed by the PCT's Executive Team and cluster Audit Committee during March. A draft annual report will be reviewed by the cluster Chief Executive and Chair in March. Their feedback will be available for the audit sub committee to review at its meeting in June.

2.6 Corporate Governance

The organisation has in place a corporate governance framework with standing orders, standing financial instructions, a scheme of delegation, and a code of conduct. This has been revised during the year to reflect changed governance arrangements to enable shadow clinical commissioning groups to make financial decisions within an agreed framework.

Whilst there is no national corporate governance code in place for PCTs (such as the Monitor Code of Governance for Foundation Trusts), the PCT is compliant with principles within this code including:

- a Board of directors in place meeting regularly to discharge their duties
- a clear division of responsibilities of the Chair and Chief Executive
- a balance of Executive and Non Executive Directors
- information and professional development – a number of Board Business meetings have been held.

I confirm that effective arrangements have been in place during 2012/13 for the discharge of statutory duties, that there have been no irregularities and that the organisation has been legally compliant.

2.7 Partnership Governance

The Health and Wellbeing Board has been established in shadow form in Kirklees since March 2011. This is supported by the main public sector organisations in Kirklees, alongside the private and voluntary sectors. The Chair of the Clinical Commissioning Group (CCG) Board, which is operating in shadow during 2012/13, is a member of the Health and Wellbeing Board. NHS Kirklees plays a significant part in the collaborative working within the region. This is particularly important in the light of future financial pressures and the need to create a system with much lower management costs.

The Strategic Plan highlights how Kirklees CCG's will work together to develop a single approach to delivery in Kirklees and will continue to focus on this as the local Clinical Commissioning Groups' arrangements develop. Close partnership working has taken place with local clinicians, the local authority, Mid Yorkshire Hospitals Trust, neighbouring CCGs, patients and the public and other partners to understand the planned changes to the configuration of clinical services in Kirklees to improve services for the people of Kirklees.

3.0 The Risk and Control Framework

The Chief Operating Officer, on my behalf, was responsible for maintaining the corporate risk register for NHS Kirklees. The organisation has maintained a corporate risk register which in turn has populated the cluster-wide risk register. Directors, managers and all staff work together to provide an integrated approach to the management of risk.

A standardised and approved Cluster wide Risk Management Strategy has been utilised within the organisation which sets out how risks are identified, assessed, managed and controlled. A key element in the system is the maintenance of the corporate Risk Register, including the Assurance Framework.

The PCT risk assessment processes are supported and delivered through the use of a bespoke risk register and risk reporting system.

The corporate risk register is managed under a regulated programme including sign off by Senior Management Teams. A High Level risk log of all risks scoring above a threshold is reviewed and scrutinised by Cluster Executive, Governance Committee and ultimately the Board. The Audit Committee also review related finance risks.

Over the 2012/13 period the risks have been aligned to the receiving organisations including the Clinical Commissioning Groups who have utilised the same system and process with assurances being provided the Cluster Executive.

The Board Assurance Framework has been developed around the objectives within the cluster accountability framework and has been presented to the Governance Committee, Audit Committee and Board.

During 2012/13 the organisation took a range of actions to reduce risk and provide assurance about risk mitigation. This included:

- Continuous improvement to the quality of commissioned health services including MYHT and partners on financial and operational performance of the Mid Yorkshire Hospitals Trust
- Closely monitoring compliance with national and local infection prevention and control targets
- Ongoing review and testing of emergency preparedness and resilience planning
- Compliance with Information Governance responsibilities
- Reviewing all contracts and contract documentation to ensure safe handover to successor bodies
- Transition of PCT functions and resources to new receiver organisations including the management of risks and challenges to the organisation. In particular, the ability to implement the changes with the associated impact on our staff, while ensuring that patients continue to receive safe, high quality care and that we deliver good value for money
- General risks included delivering the challenging cost improvement and QIPP agenda to meet the financial pressures across the NHS and public sector, maintaining staff engagement and ensuring appropriate staffing levels to deliver changes to the commissioning architecture and supporting the establishment of

clinical commissioning groups.

- Risk of commissioned Trusts not achieving Foundation Trust status and the implications for the local health economies

3.1 Data Security

Risks relating to information governance continue to be monitored closely through the Risk Register. The Senior Information Risk Owner (SIRO) has responsibility for ensuring organisational information risk is properly identified and managed and that appropriate assurance mechanisms exist. They are familiar with risk management and the organisations response to risk. Any incident reports are thoroughly investigated and the lessons learned shared throughout the organisations.

Risks relating to data security appear on the risk register and, due to good controls and no serious incidents or security lapses remain at low level. There have been no information security incidents to report to the Information Commissioner.

The organisation continues to work towards improving performance to achieve level "2" compliance against the requirements of the Calderdale, Kirklees and Kirklees cluster Information Governance Toolkit annual assessment.

3.2 Prevention and Deterrence of Risks

To provide assurances about the prevention of risk, the organisational governance framework consider any potential risks and their impact by:

- including an assessment of risk within Board and Committee papers
- ensuring risk management has an integral role in all major projects and developments within the organisation, keeping a specific risk register, for specific projects and escalating risk on to the corporate risk register.

Risk management policies and procedures were also in place during the year to ensure that risk was managed consistently throughout the organisation.

Updates on counter fraud were given at the Audit Committee and counter fraud representatives attended the local Audit and Governance Group. Regular reports on counter fraud are given, with updates on any investigations, raising awareness of fraud amongst staff as a deterrent.

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

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control and risk management processes in practice.

The governance arrangements in place within NHS Kirklees 2011/12 managed risk and provided assurance to the Board as described below:

Governance Committee

The Governance Committee reviewed the risks identified within the Board Assurance Framework and Corporate Risk Register at each meeting.

Audit Committee

The Audit Committee reviewed financial issues including the annual accounts. The Committee also sought assurance on the effectiveness of internal control from internal and external audit reports and opinions, counter fraud progress reports and the Board Assurance Framework. Internal and External Auditors actively participate in the Audit Committee.

Remuneration and Terms of Service Committee

This Committee ensured that governance arrangements were in place to manage remuneration and terms of service issues on behalf of the Board.

Clinical Commissioning Executives (CCE's)

The CCG's have been operating in shadow form with delegated budgetary responsibility in 2012/13, overseen by the Clinical Commissioning Executives. These formal subcommittees of the PCT Cluster Board ensured clinical engagement on a broad range of operational and strategic issues and were responsible for the majority of the commissioning budgets throughout 2012/13.. The terms of reference for these Committees contained specific details on managing conflicts of interest.

CCE membership included Non Executive Directors/ Associates to provide scrutiny and assurance during the year.

Three sub groups supported the CCE's in monitoring the system of internal control. These were:

- Audit and Governance Group
- Finance and Performance Group
- Quality Group.

These groups provided assurance in the areas of corporate governance, financial governance and clinical governance.

In addition, I am assured that significant risks to the organisation were being managed by the following:

- Chief Operating Officer / Shadow Accountable Officer
- Senior Management Team
- Internal Audit - opinions (including the Head of Internal Audit opinion) and reports by Internal Audit
- External Audit - opinion and reports from our external auditors
- Performance reports
- Governance and risk reports
- Investigation reports and action plans following serious incidents
- Safeguarding reports / Serious Case Reviews for Children

Where any weaknesses are identified a system is in place to manage these.

5.0. Conclusion

In line with the definition of significant issues, 2012/13 Governance Statement Guidance (Gateway Reference: 18561) I have not identified any significant issues during the year.

My review confirms that during 2012/13 NHS Kirklees had effective arrangements in place for the stewardship of the organisation.

Accountable Officer : Mr Andy Buck,

Organisation: West Yorkshire Area Team

Signature: 

Date: 6/6/13