



Department  
of Health



# Hartlepool Primary Care Trust

2012-13 Annual Report and Accounts

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# Hartlepool Primary Care Trust

2012-13 Annual Report

# Hartlepool Financial Review 2012-13

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June 2013

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# HARTLEPOOL PCT

## ANNUAL REPORT 2012/13 FINANCE REVIEW

### OVERVIEW

This section considers overall financial performance in 2012/13 and provides further information in relation to the expenditure and efficiency programme undertaken by the Primary Care Trust (PCT) across the various healthcare services and programmes commissioned on behalf of PCT residents.

The financial statements are contained within this report and are prepared in accordance with the PCT Manual for Accounts as agreed with HM Treasury, based on International Financial Reporting Standards (IFRS) where applicable to the NHS.

### Financial Performance

Hartlepool PCT delivered all statutory and administrative duties in 2012/13. Key results are as follows:

- Revenue surplus of £100k against a revenue resource limit of £189.0m
- Capital is breakeven against a capital resource limit of (£219k)
- Cash balances within agreed Parliamentary Funding limits
- Excellent performance against the Better Payments Practice Code

Management of the revenue position was successfully achieved against the target PCT surplus of £100k agreed with the Strategic Health Authority at the start of the financial year. This is consistent with year end forecasts provided to the PCT Board throughout 2012/13 and reflects the robustness of financial management and reporting within the PCT.

### Efficiency programme

In addition to the statutory and administrative duties listed above, the PCT also identified an efficiency programme for 2012/13 under which savings of c£5.6m have been identified across a range of initiatives including acute care, mental health and learning disabilities and primary care prescribing as identified below:

#### Programme

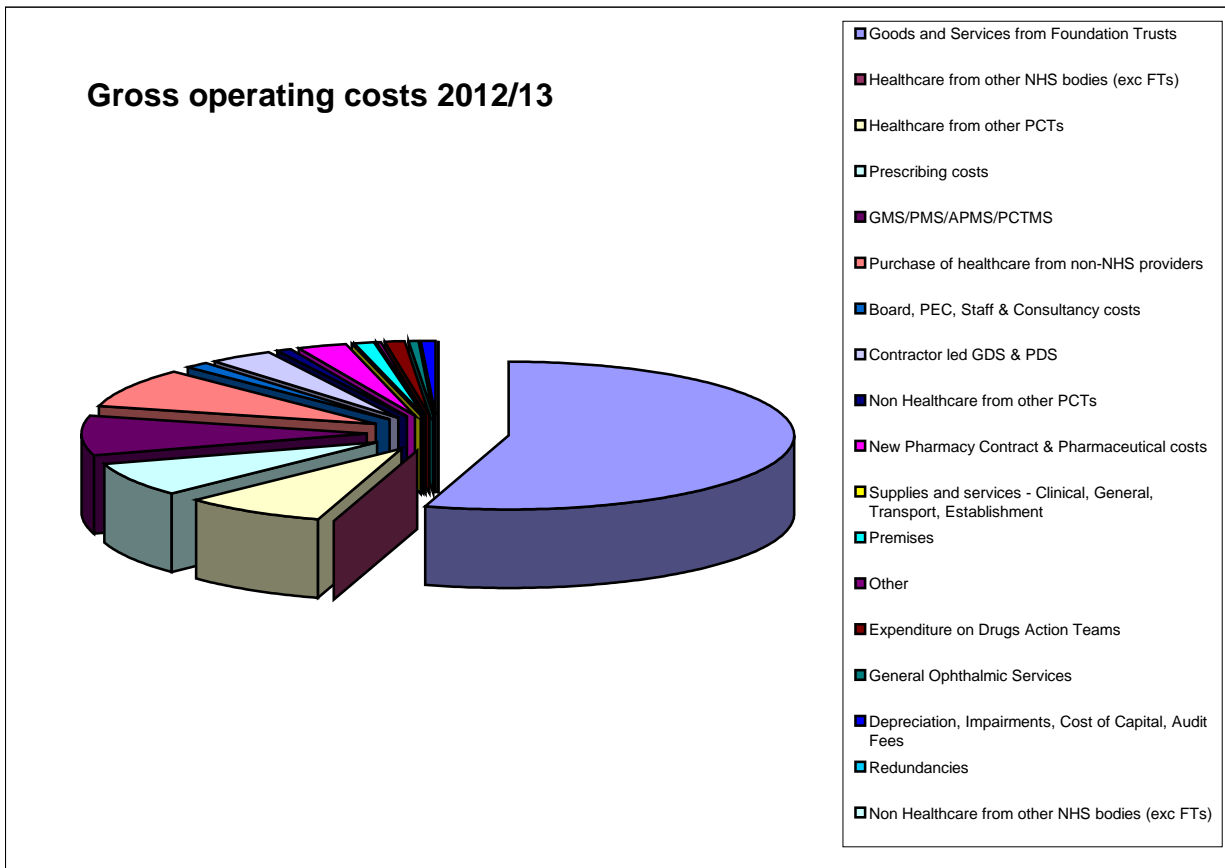
Urgent acute care	£0.1m
Primary & Community care	£0.3m
Primary care prescribing	£0.5m
Other	£4.7m

### Expenditure 2012/13

Gross operating costs in 2012/13 totalled £192.6m and are analysed in Figure 1 and Figure 2 (alongside previous year comparators) below.

Expenditure, net of trading income and interest receivable was £188.9m, which when compared to the revenue resource limit of £189.0m generated a surplus of £100k, in line with the control total set by the Strategic Health Authority.

**Figure 1 2012/13 Gross Operating costs**

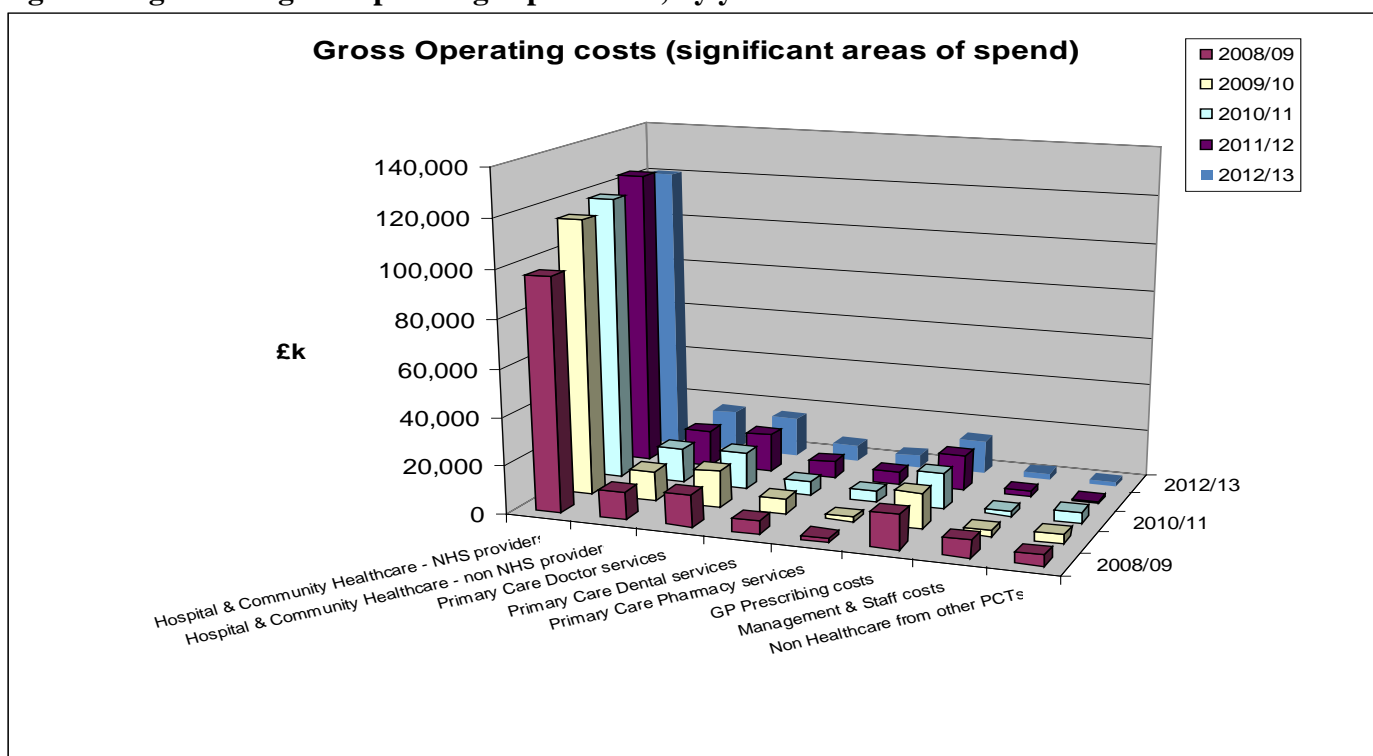


The most significant areas of expenditure fall broadly under three categories:

- Hospital and Community Health services
- Primary Care Health services
- Management and staff costs/Non Healthcare services from other PCTs

The key areas of spend under these headings are highlighted in the chart below at Figure 2 below.

**Figure 2 Significant gross operating expenditure, by year**



## Hospital and Community Healthcare

This is clearly the most significant area of PCT expenditure and includes health prevention activity (e.g. smoking cessation programmes) all hospital related activity (e.g. diagnostic and treatment services), community services (e.g. district nursing, health visitors) and long term packages of care (e.g. elderly, mentally ill and learning disability clients). Table 1 below identifies the significant spend across these services.

The significant items contributing to the 2012/13 movements are:

- Additional long term packages of care for the elderly and mentally ill
- Rising costs of drug therapies, particularly relating to cancer and Rheumatology treatments
- Non-recurrent investment to secure long term savings through Quality, Innovation Productivity and Prevention (QIPP)
- Investment in re-ablement services to support earlier discharge from hospital
- Transition funding for Momentum project within North Tees & Hartlepool FT
- Reduction in elective spend as a result of reduced GP and consultant to consultant referrals following pathway reviews by CCGs
- Increased spend on emergency admission as a result of winter pressures
- Increased costs of continuing healthcare following a number of claims in relation to potential underfunding of NHS packages. Estimated potential costs £741k.

Table 1

<b>Purchase of Hospital and Community Health services</b>	<b>2012/13</b>	<b>2011/12</b>	<b>2010/11</b>	<b>2009/10</b>	<b>2008/09</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Purchase of Secondary Healthcare</b>					
Learning Difficulties	8,393	7,670	9,285	9,044	8,436
Mental Illness	18,287	16,801	17,466	16,235	14,912
Maternity	4,011	4,269	3,891	4,135	2,993
General and Acute	81,197	83,902	77,350	73,813	66,115
Accident and Emergency	2,334	2,591	3,340	3,084	2,741
Community Health Services	23,186	23,518	22,446	21,425	22,038
Other Contractual	1,847	1,937	543	71	37
<b>Total Secondary Healthcare Purchased</b>	<b>139,255</b>	<b>140,688</b>	<b>134,321</b>	<b>127,807</b>	<b>117,272</b>

## Primary Care and GP Prescribing

Table 2 below identifies PCT expenditure on primary care services and GP prescribing on behalf of Hartlepool residents. This includes family doctors, dentists, pharmacists, opticians and primary care drug costs.

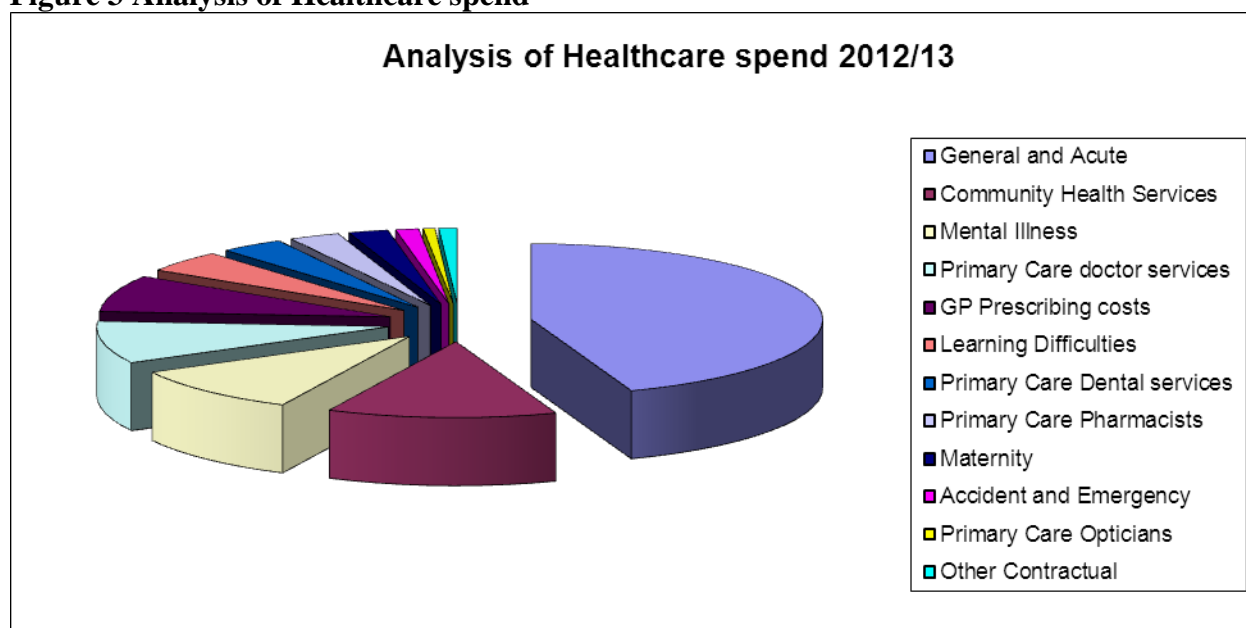
The significant items contributing to the 2012/13 increase are:

- Changes nationally in the method of calculating QOF, and the high prevalence of disease in the area
- Non Recurrent investment in dental sedation services
- Changes nationally in Category M Drug prices and savings achieved through QIPP schemes



**Table 2**

Purchase of Primary Health Care services	2012/13 £000	2011/12 £000	2010/11 £000	2009/10 £000	2008/09 £000
Primary Care doctor services	16,454	16,126	15,671	15,108	13,313
GP Prescribing costs	14,271	14,744	15,150	14,768	14,497
Primary Care Dental services	6,433	6,262	6,008	6,485	5,533
Primary Care Opticians	1,196	1,260	1,134	1,123	1,059
Primary Care Pharmacists	5,108	5,142	4,486	1,774	1,662
<b>Total Primary Healthcare purchased</b>	<b>43,462</b>	<b>43,534</b>	<b>42,449</b>	<b>39,258</b>	<b>36,064</b>

**Figure 3 Analysis of Healthcare spend****Management & staff costs**

These costs relate predominantly to the costs of the NHS Tees Management arrangements.

The four statutory commissioning organisations on Tees operate under the umbrella of a single management team, with staff in 2012/13 employed through Stockton on Tees Teaching PCT.

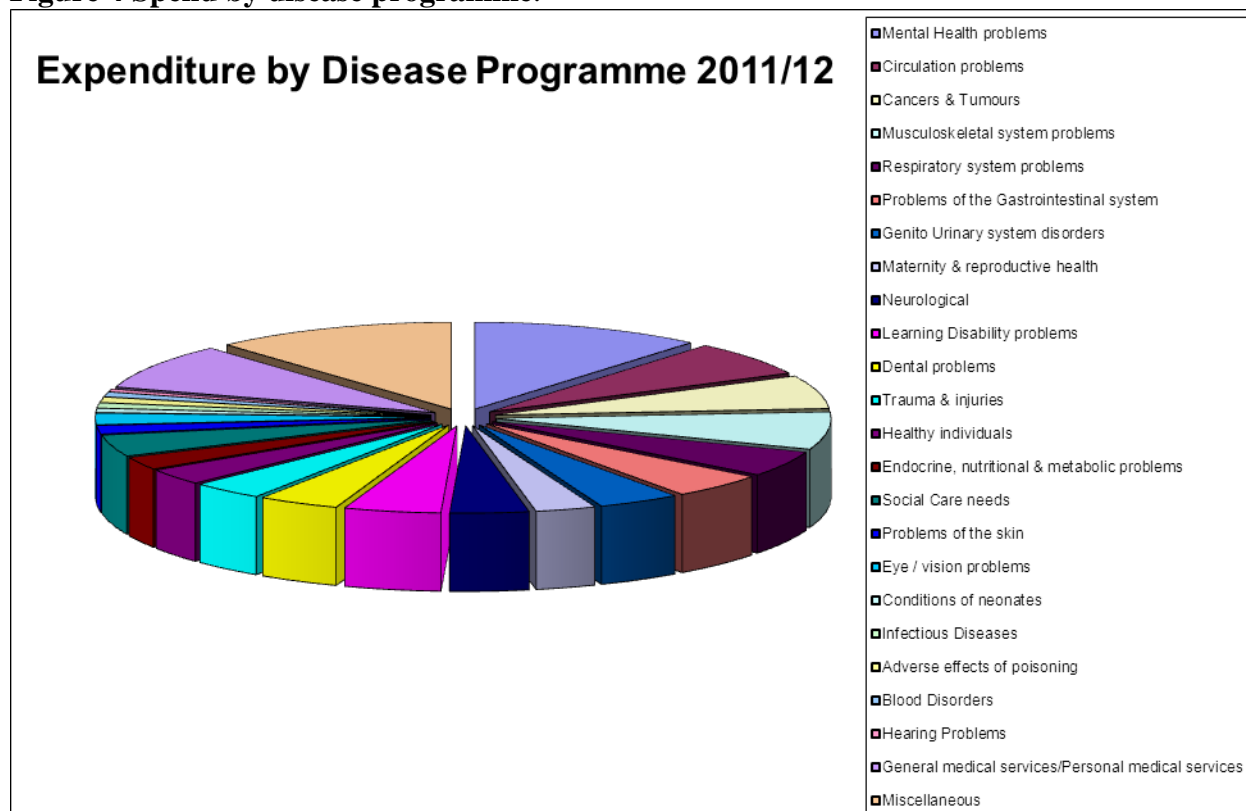
In 2012/13 PCTs are required to analyse and report revenue income and expenditure by 'admin and programme' in terms of running costs. The broad definition of running costs includes any cost incurred that is not a direct payment for the provision of healthcare related services. 2012/13 Running costs for Tees PCTs (incl Public Health), are reported at £3.9m.

**DISEASE PROGRAMMES**

PCTs and providers are required to analyse spend according to disease programme to show how resources are expended across categories of care based upon the International Classification of Disease. By focusing on medical conditions, the objective is to forge increasingly closer links between NHS expenditure and resulting patient care and outcomes. Ultimately, this allows PCTs to measure and benchmark their performance relative to similar organisations in terms of health outcomes for a given level of spend on a certain disease category.

Due to the timing of data collection, 2011/12 data is the most recent available.

**Figure 4 Spend by disease programme.**



**Table 3**

Disease Programme	2011-12 £000	2010-11 £000	2009-10 £000	2008-09 £000
Mental Health problems	21,583	22,878	20,782	19,149
Circulation problems	12,500	13,419	12,857	12,269
Cancers & Tumours	11,927	12,356	10,706	9,988
Musculoskeletal system problems	13,393	12,336	12,943	9,681
Respiratory system problems	9,182	9,823	10,492	9,408
Problems of the Gastrointestinal system	8,901	9,862	9,873	8,068
Genito Urinary system disorders	7,689	7,784	7,758	6,393
Maternity & reproductive health	5,617	5,242	8,646	7,970
Neurological	7,332	7,369	6,833	6,544
Learning Disability problems	9,023	11,040	9,403	9,041
Dental problems	7,554	7,441	7,093	6,842
Trauma & injuries	6,737	7,725	5,697	4,987
Healthy individuals	5,761	6,944	7,954	7,062
Endocrine, nutritional & metabolic problems	4,608	4,324	4,336	4,583
Social Care needs	7,632	2,995	2,745	3,105
Problems of the skin	2,941	4,430	2,881	2,869
Eye / vision problems	4,064	4,126	3,522	3,518
Conditions of neonates	1,423	1,272	1,854	1,888
Infectious Diseases	1,793	2,175	1,664	1,495
Adverse effects of poisoning	1,924	1,825	1,851	1,672
Blood Disorders	1,657	1,330	1,040	1,420
Hearing Problems	986	696	896	1,134
General medical services/Personal medical services	16,421	15,879	15,446	15,039
Miscellaneous	22,647	13,184	9,837	9,929
<b>Gross Operating Cost</b>	<b>193,295</b>	<b>186,455</b>	<b>177,109</b>	<b>164,054</b>

## **CAPITAL**

The PCT met its capital resource limit with the sale of Caroline Street and planned IT development programme.

## **PLANNING FOR FUTURE YEARS**

The financial outlook for the Tees Health Economy is significantly more challenging than in recent years. In the context of continuously rising patient expectation and demand and an ambitious national reform programme, NHS organisations are increasingly reliant on efficiency savings as a means of generating resource to fund future growth and investment.

The Health and Social Care Act 2012 has introduced substantial changes to the Commissioning landscape, with responsibility for PCT commissioning transferring to a number of new organisations including Clinical Commissioning Groups, NHS England, Public Health England and Local Authorities. Throughout 2012/13, Clinical Commissioning Groups in Tees, have had devolved responsibility for the majority of PCT commissioned services from April 2013.

The PCT had a strong culture of good quality financial planning, management and control. This underpins ambitious plans for the future and provides a firm foundation on which the new commissioning organisations can continue to maintain an excellent track record in financial performance.

## Audit Committee

1. Over the past 12 years PCT on Teesside have worked together with their local NHS partners, Local Authorities, community/voluntary partners and the public to commission and deliver on an increasing number of statutory duties whilst continually striving to improve the health of local people and improve access to a wide range of quality health and social care services. 2013/13 has been a significant year for the PCT and indeed the Audit Committee and we have had an important role on overseeing the transition to the new arrangements while ensuring 'business as usual' with regards to the delivery of our statutory duties in our final year and our commitment to local people.
2. During 2012/13 membership of the Audit Committee(s) has been as follows:
  - Peter Race, Audit Chair
  - Peter Hadfield, Non-Executive Director
  - Clare Hunter, Non-Executive Director
3. The Audit Committee has met the objectives set out in the terms of reference below:
  - Establishment and maintenance of a system of governance, risk management and control across all of the PCTs activities, ensuring that this supports achievement of the PCTs objectives
    - a) Review of Annual Governance Statement for 2012/13
    - b) Policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements
    - c) Policies and procedures for all work related to fraud and corruption
  - Ensuring that there is an effective Internal Audit function
  - Review and consideration of the work and findings of External Audit
  - Review the findings of other significant assurance functions - internal and external, and the work of other committees
  - Review and approve, on behalf of the Board, the Financial Statements and the Annual Report
  - Report to the Board.
4. The minutes of the Committee are reported to the Board, and as such become a matter of public record.
5. The Accountable Officer attended the Audit Committee meeting in March 2013. Also in attendance at meetings are Audit North (Internal Audit), Mazars (External Auditor for NHS Hartlepool and NHS Stockton on Tees), and Deloitte (External Auditor for NHS Middlesbrough and NHS Redcar and Cleveland), the Director of Finance (or representative) and the Director of Corporate Development in her role as Company Secretary. The Internal and External Auditors and Committee members meet in private before each meeting in accordance with guidance in the Audit Committee handbook.

6. Audit North also provides the Local Counter Fraud Service (LCFS) which produces a separate plan and reports on activity.
7. Clinical Commissioning Group representatives including CCG Audit Committee Lay Members have been invited to attend committee meetings in preparation for authorisation and transition to the new arrangements for 2013/14.
8. I am pleased to report that the Audit Committees have enjoyed open and honest interchange with the Management Team of the PCTs and excellent working relationships exist between the members of the committee and the Management Team. This has been particularly important during the period of enormous change and transition to the new NHS arrangements, and the pressures and challenges such change generates.

I must therefore thank my colleagues on the Audit Committee for their willing support and expertise and also the Senior Managers and their teams within the PCT for their hard work and commitment, patience, and openness to challenge during a time of significant change.

**Peter Race**  
**Audit Committee Chair**  
**NHS Tees**

## Explanation for the Accounts

PCTs publish statutory accounts with the annual report. This note is primarily designed to assist readers of the accounts with an explanation of their purpose, content and some of the accounting terms used: it also aims to be helpful in understanding the PCT accounts.

The purpose of the Accounts is to satisfy the PCT statutory duty to prepare and complete an annual report, which must be published with the full audited accounts in line with International Financial Reporting Standards (IFRS).

The accounts must comply with all relevant IFRS Standards and Companies Act disclosure requirements as deemed appropriate by the Government following advice provided by the Financial Reporting Advisory Board (FRAB).

The Annual Accounts are made up of:

- Statement of responsibilities
- The external auditors' report
- Annual Governance Statement
- The four primary statements consist of:
  - The Statement of Comprehensive Net Expenditure
  - The Statement of Financial Position
  - The Statement of Changes in Taxpayers Equity
  - The Statement of Cash Flows
- Notes to the Accounts

These are supported by and cross referenced to a series of notes to the accounts, the first being a note on accounting policies which details the basis on which the accounts have been prepared.

The Statement of Comprehensive Net Expenditure shows the gross amounts spent on the separate commissioner and provider functions.

These are then reduced by income, to show the net cost incurred in the financial year that is charged against the Government's revenue allocations. Both income and expenditure are cross referenced to explanatory notes in the accounts which provide a more detailed analysis.

The Statement of Financial Position shows the assets and liabilities at the beginning and the end of the accounting period, valued in accordance with the accounting policies, and how these have been financed (Taxpayers' equity and other reserves).

The Statement of Changes in Taxpayers Equity shows movements in the general funds and other reserves financing net assets and liabilities.

The Statement of Cash Flows reconciles the change in cash and working capital held during the period in relation to its operating and investing activities, and the available funding.

## Accounting Terms Jargon Buster

**Non Current Assets** - these are items that the PCT owns or leases that have an economic life greater than one year including Equipment, Land and Buildings. Tangible assets are items of a physical nature such as buildings. Intangible assets are non-physical items e.g. software licences.

**Receivables** - Relates to a person/organisation that owes the PCT money, including estimates of pre-paid costs. This is shown as an asset on the Statement of Financial Position.

**Payable** - Relates to a person/organisation to whom the PCT owes money, including estimates of costs incurred but not yet billed. This is shown as a liability on the Statement of Financial Position.

**Provisions** - These are amounts set aside as reasonable estimates in anticipation of likely future costs, the exact amounts which are not yet known. These are also liabilities on the Statement of Financial Position.

**General Fund** - this records the difference between costs and cash allocations in the year, and the movement in its assets between the start and the end of the year: the negative balance at the end of the year shows the Taxpayers' obligation in respect of meeting PCT net liabilities.

**Revaluation reserve** - the PCT reviews the value of its fixed assets each year, and any changes in value are adjusted in the revaluation reserve, as increases in value is not represented by cash.

**Revenue Resource Limit** - This is the limit, set by the Department of Health, up to which the PCT is allowed to spend in the year on commissioning and providing services and other revenue items. These relate to the general day to day costs of business, i.e. staff wages, consumables, premises costs, and payments to other NHS/non NHS organisations for healthcare services.

**Capital Resource Limit** - This is the limit, as set by the Department of Health, up to which the PCT is allowed to spend in the year on the acquisition of tangible and intangible assets.

**Cost of Capital Charge** - this is the amount that the PCT is charged according to NHS standard methods for the financing and use of the net assets funded by the taxpayer.

**Gross Costs and Net Costs** - Gross costs are the total costs paid in a period, without taking into account any income that has been received to offset those costs. Net costs take account of income charged by the PCT to other organisations or individuals for goods and services provided.


**2012-13 Annual Accounts of Hartlepool Primary Care Trust**

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

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

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

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

Signed..........Designated Signing Officer

Name: CAMERON WARD.

Date.....31.5.13.....



## 2012-13 Annual Accounts of Hartlepool Primary Care Trust

### STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

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

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

By order of the Permanent Secretary.

31.5.13 Date  Signing Officer

31.5.13 Date  Finance Signing Officer

**2012-13 Annual Accounts of Hartlepool Primary Care Trust**

Year ended 31 March 2013

**SUMMARISATION SCHEDULES (PCTs) FOR HARTLEPOOL PRIMARY CARE TRUST**

Summarisation schedules numbered PCT01 to PCT98G plus Freetext are attached.

**Finance Signing Officer's Certificate**

I certify that the attached summarisation schedules have been compiled from and are in accordance with the financial records maintained by the primary care trust and with the accounting standards and policies for the NHS approved by the Secretary of State.

31.5.13 Date *Andrew Costa* Finance Signing Officer

**Signing Officer's Certificate**

I acknowledge the attached summarisation schedules, which have been prepared and certified by the Finance signing officer, as the summarisation schedules which the primary care trust is required to submit to the Secretary of State

31.5.13 Date *[Signature]* Signing Officer

## **INDEPENDENT AUDITORS' REPORT TO THE ACCOUNTABLE OFFICER FOR HARTLEPOOL PCT**

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

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

- the table of salaries and allowances of senior managers and related narrative notes;
- the table of pension benefits of senior managers and related narrative notes; and
- the table of pay multiples and related narrative notes.

This report is made solely to the Accountable Officer for Hartlepool PCT in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 45 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

### **Respective responsibilities of the Signing Officer and Finance Signing Officer, and auditors**

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

### **Scope of the audit of the financial statements**

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

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

### **Opinion on regularity**

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

### **Opinion on financial statements**

In our opinion the financial statements:

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

### **Opinion on other matters**

In our opinion:

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

### **Matters on which we report by exception**

We report to you if:

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

We have nothing to report in these respects

### **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 Trust 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, 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;
- the work of other relevant regulatory bodies or inspectorates, to the extent that the results of this work impact on our responsibilities at the Trust; and
- our locally determined risk-based work on transition arrangements.

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

### **Certificate**

We certify that we have completed the audit of the accounts of Hartlepool PCT in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Cameron Waddell (CPFA)  
Engagement Lead  
For and on behalf of Mazars LLP

Chartered Accountants  
The Rivergreen Centre  
Aykley Heads  
Durham  
DH1 5TS

5 June 2013

## **Annual Governance Statement**

### **Scope of responsibility**

As Accountable Officer for Hartlepool PCT I am responsible, along with our Board Members and the Corporate Management Team for ensuring the organisation meets its statutory duties; that we develop and maintain effective relationships with patients, local partner organisations and the wider local community; and, ensure along with our staff that we carry out these functions in a way which ensures the proper stewardship of public money and assets. I am accountable to the Secretary of State and to Parliament for the performance of Hartlepool PCT's functions and meeting our statutory financial duties as set out in the Accountable Officer Memorandum. This year we also had a significant responsibility to support and oversee the seamless transition to the new commissioning arrangements and to deliver an effective and diligent handover to our successor organisations.

I have been supported in my duties during 2012/13 by the substantive Chief Executive who was in post until 30 November 2012 and who up until this time led the on-going review of assurance gained from our system of internal control.

A sound system of internal control within our governance framework enables us to achieve our objectives and is key to the realisation of our vision that the people of Teesside lead longer, healthier lives. The quality of our system of internal control is also fundamental to the successful delivery of my responsibilities as Accountable Officer. This system ensures we identify matters that pose a risk and may jeopardise our vision and it supports us to develop effective strategies to manage these risks. Importantly, through this system the Board receives information on how well these strategies are working and how well risk is being managed so we can take action where needed. These systems are particularly important and have been relied upon to support the significant transition agenda to transfer commissioning responsibilities to new organisations such as local Clinical Commissioning Groups and NHS England.

Whilst ultimately accountable, I cannot ensure the effective discharge of my duties without the support and work of Hartlepool PCT's staff. To ensure they are skilled and supported to each make their individual contribution to good governance, there are systems in place which ensure their training and ongoing development needs are assessed and met.

### **The governance framework of the organisation**

Our system of internal control comprises a number of different mechanisms which are in place throughout the year and gives the Board ongoing assurances regarding the effective management of risk.

Overall, it is my view that the Board has performed well this year throughout significant and on-going change and Board meetings have been well attended by all members. All meetings had at least 12 of the 15 members present; with over half of the members missing only one meeting and some did not miss any at all.

During the year, Hartlepool PCT has focussed on ensuring the continued delivery of its statutory duties whilst driving the transformation of commissioning, supporting clinical commissioning colleagues whose Chief Officers and Chairs were co-opted

members of the PCT Board. Board discussions have included information governance, equality and diversity, and GP revalidation. In addition, the Board has retained a focus on quality, particularly ensuring quality throughout transition, safeguarding, complaints, winter surge and the on-going development of primary care services.

The Board has reviewed its effectiveness and considers it compliant in terms of the Board's conduct against the Corporate Governance Code. The results of Board members' assessment of compliance with the code indicated that the Board is compliant however members recognised two areas that have posed a challenge. In 2012/13 the PCT has focused on supporting the development of CCG Governing Bodies, rather than its own development which has been recognised by the Board. In addition, members acknowledged the challenges posed by the pace of the transition agenda ensuring the delivery of PCT duties alongside the development of successor organisations. As part of the rigorous corporate handover process, the organisation has reviewed the arrangements in place for the discharge of statutory functions, checking for any irregularities. No irregularities were identified by the Company Secretary and a schedule of statutory duties was presented to receiver organisations as part of face to face handovers.

The Board has implemented systems to enable Board members, where appropriate, to utilise conference calling to make more effective use of Board time. In addition, the Board has participated in development sessions relating to equality, diversity and human rights.

During this transitional year as we move towards the commencement of clinical commissioning groups the Board has maintained its commitment to quality and effectiveness, closely monitoring its performance particularly in line with the Integrated Strategic Operating Plan and the NHS Operating Framework. Hartlepool PCT has continued to demonstrate improved rates of access to both inpatient and outpatient care as demonstrated through achievement against the national referral to treatment standards. Performance against the national suite of cancer waiting times standards has also improved significantly as Hartlepool PCT has continued to build on the work undertaken in the previous year to improve access times to both the diagnosis and treatment for cancer. Whilst we are disappointed with our performance against the C Difficile and MRSA targets, we are cognisant of the significant year on year improvements that have been achieved by Hartlepool PCT over recent years whereby we have realised a substantial reduction in the number of cases experienced in our local hospitals.

In addressing the concerns related to Health Care Acquired Infections (HCAIs) Hartlepool PCT has worked with the main provider of secondary care services, North Tees and Hartlepool NHS Foundation Trust, in reviewing Root Cause Analysis for each and every case of C Difficile and MRSA, disseminating the learning taken from each incident and progressing clinical and contractual discussions to ensure the development and implementation of comprehensive action plans to address quality concerns. It is anticipated that action taken by Hartlepool PCT, and the provider, will ensure that clinical commissioning groups are in the best possible position to deliver the requirements of key national quality requirements in relation to HCAI incident rates during 2013/14.

In terms of delivery against the Integrated Strategic Operating Plan and the requirements of the 2012/13 Operating Framework, 2012/13 has been a largely

successful year for Hartlepool PCT as we have continued to build on the successes of previous years in delivering against both our statutory obligations and local plans.

Our system of internal control includes a scheme of delegation which articulates the responsibilities of individuals and committees within our governance infrastructure. These committees, namely the Audit Committee, the Governance Committee and the Patient Safety, Quality & Safeguarding Committee each have a vital role in contributing to the establishment of an effective governance infrastructure and for both identifying and interpreting information relating to risks to the fulfilment of our objectives and vision; the safety of patient care; high quality commissioning; our role as an employer and significantly for 2012/13 maintaining control over the transition programme. They also ensure our policies work to protect patients as well as safeguard our staff; and protect our physical and information assets taking into account current legislation and best practice including the prevention and detection of fraud.

The Audit Committee has regularly reviewed the Board Assurance Framework which captures our strategic risks and the processes used to inform and maintain it. They have paid particular attention to the outcomes of Internal Audit reports and the risk and implementation of recommendations as a result, for example the financial processes in place regarding CHC payments. The Committee has also worked on behalf of the Board to seek robust assurance regarding the governance of the North East Primary Care Services Agency (NEPCSA) which has delegated responsibility from Hartlepool PCT to undertake primary care contract management on its behalf. These services include primary care contracting and commissioning services; contractor payment services; service planning and performance; and management of professional performance matters. Assurance on these services, particularly regarding their governance and risk management is provided through Internal Auditors appointed by NHS South of Tyne and Wear as the host organisation for the regional service. On the basis of work carried out in accordance with NHS South of Tyne and Wear's 2012/13 Internal Audit Plan, significant assurance was awarded overall for the NEPCSA functions. The Committee has also actively sought robust, on-going assurance regarding the outcomes of internal audit and progress made to implement recommendations.

The Governance Committee has ensured Hartlepool PCT is compliant with statutory duties and the associated risks of non-compliance in areas such as complaints management, fire safety and mandatory training. In addition, the Committee has maintained oversight of the transition work programme receiving regular updates on progress and the effective management of risk, challenging and supporting the delivery of the extensive programme as required.

These Committees have been well attended and they report on their work to the Board through regular presentation of minutes and reports by the Chairmen.

In 2012/13 the Patient Safety, Quality & Safeguarding (PSQS) Committee, continued its work in maintaining and monitoring the Quality Assurance Framework, through the establishment of Local Quality Requirements in contracts for all commissioned services; this included acute and primary care services and care homes. The Local Quality Requirements translate into a dashboard to illustrate the level and quality of service being delivered to the patients on Tees. The PSQS Committee was pivotal in assessing and managing the risk to quality and patient safety during times of organisational change through transition.



The Committee experienced challenges with representation from clinicians given their commitments and the pace of change during the transition particularly with regards to the development of clinical commissioning groups. However, the Committee continued to fulfil its responsibilities and throughout the year and has received information in relation to serious incidents and given assurance that robust action plans have been implemented and lessons learned shared and embedded in organisations. The PSQS has also ensured that statutory duties in relation to safeguarding adults and children have been fulfilled. All information relation to the CQRG's has been submitted to the PSQS committee including CQUIN details.

Regular updates in relation to the Quality Handover document has also been received and its development overseen by the PSQS Committee.

The Board and its committees have also supported CCGs in the development of their governance arrangements co-opting CCG clinicians to the Board and its Committees; and ensuring the necessary arrangements for governance were understood and effective. Crucially they have supported a seamless handover of duties and responsibilities in advance of but significantly in readiness for 1 April 2013. Key staff have supported and advised the CCG Governing Body and its committees through 2012/13 as they operated in shadow form.

### **Transition**

A dedicated team including records managers was established in 2012/13 to ensure a safe and effective handover to successor organisations. Leadership for the team was provided by a responsible director and the team utilised an internationally recognised project management framework to deliver the strategic and operational tasks required working in collaboration with staff, partners and legal advisors. Whilst nationally the Legacy Document was superseded by the Quality Handover Document, we recognise the value of a legacy document and the transition team have maintained this work to support handover and successor organisations. A transition risk register was created and progress with delivery of the programme and the assessment and management of risk was reviewed regularly by the Governance Committee with additional scrutiny from the Audit Committee.

Throughout 2012/13 where and when appropriate risks have been transferred to successor organisations. CCGs increasingly led commissioning activity as the year progressed and the associated risks followed the business and were included with the Governing Body Assurance Framework and their operational risk register. A process was agreed and approved by the Governance Committee to identify and ensure the effective redistribution of risk to the CCGs or the transition risk register supported by a clear audit trail. Our staff has supported CCGs with the development of their risk framework and their strategic and operational risk registers which include risks migrated from the PCT. A number of risks remained with the PCT until final closedown and these typically related to risk of bribery and fraud, resources pressures within the ICT service and potential risks relating to the effectiveness of the PCT's handover to successors.

With regards to the financial closedown, audit and sign off of accounts and in relation to the Chief Financial Controller's letter to PCTs (gateway ref. 18561) a local delivery team was established to finalise this important aspect of PCT business. This enabled the organisation to retain staff knowledge, skills and expertise. In addition, Non-Executive Directors committed to remain with the PCT to support and govern this process; this was achieved via the final meeting of the PCT Audit Committee.

## **Risk assessment**

The organisation has an agreed risk framework in place with a robust process for the assessment of risk. Throughout 2012-13 we have closely monitored our strategic and operational risk in addition to transition risk. This can be evidenced through our Board Assurance Framework and Corporate Risk Register. The risk register is accessible to all staff enabling them to record and assess risks and seek support on their effective management. Each risk within the organisation is assigned to a lead Director who is responsible for ensuring appropriate controls and actions are in place and that the risk is effectively managed, escalating to the Board where appropriate in line with our policy. Strategic risk is identified by the Board and captured through the Board Assurance Framework. These risks are owned and managed by the Board and they approve all changes within the framework.

The risk register has been reviewed and managed throughout the year, with some long-standing strategic and operational risks which have been closely managed and monitored by the Board and their Committees, as well as shorter term risks which have been effectively managed to a close. Newly identified risks for 2012/13 centred around Continuing Health Care, CCG authorisation and closedown; and transition to the new NHS architecture. Risks included unsigned CHC contracts with providers at closedown and the impact of restitution claims; loss of staff to support core business; and a risk that CCGs failed to secure the engagement of their members. Specific risks for Hartlepool PCT for 2012/13 included the management of risk related to the successful delivery of the Momentum programme bringing care closer to home.

Our Information Governance (IG) Framework assessed through IG Toolkit has been updated. There has been a consistently good level of performance with regards to meeting our statutory responsibilities in relation to freedom of information enquiries and subject access requests. With regards to transition, there has been senior level commitment to supporting a comprehensive handover leaving a clear legacy with regards to excellent records management. Risks have been proactively identified and managed to support this work.

The trust has experienced a small number of incidents of lapses in data security; however, none of these were considered to be serious in nature nor judged to be notifiable to the Information Commissioner in line with the Information Commissioner's Office guidance on data security breach management.

## **The risk and control framework**

There are a number of ways in which we work to prevent risks occurring where possible. We have an established corporate policy set which informs our knowledge and guides our actions and behaviours. These policies ensure we conduct our business appropriately, comply with legal requirements and protect our patients and staff from avoidable harm. Policies included are a Risk Assessment Policy, a suite of Health & Safety policies and procedures and an Incident Investigation and Management Policy.

Our staff also participate in mandatory training to support them to acquire the essential knowledge and skills to fulfil their roles. Throughout 2012/13 Directors have been held to account for the mandatory training compliance rates within the directorates. Mandatory training requirements include Fire Safety, Equality & Diversity and Counter Fraud.

Directors are assigned to each of our operational and strategic risks in line with their portfolio and are responsible for ensuring their effective assessment and

management. They are held to account by the Board and its sub-committees, namely the Audit Committee, the Governance Committee and the Patient Safety, Quality & Safeguarding Committee. There is evidence of the Governance Committee challenging the assessment of risk and controls and actions in place to manage risks, acting in accordance with their terms of reference to provide assurance to the Board.

### **Review of the effectiveness of risk management and internal control**

The Governance Committee has been instrumental in ensuring the effective management of risk through the Corporate Risk Register. The PCT has also gained independent assurance on risk management and internal control from external, independent sources.

In 2012/13 our risk management systems were audited by Internal Auditors; in this audit we were awarded a significant level of assurance for our risk management systems and processes for the third consecutive year.

The Corporate Management Team also make a significant contribution to the overall effectiveness of the system of internal control and to enable ongoing review by the Audit Committee throughout the financial year, each Director provides a quarterly assurance statement which describes any significant issues and confirms the work undertaken each quarter to manage risk and comply with duties. This process has been considered good practice and has enabled the Audit Committee, and myself as Accountable Officer to gain on-going assurance regarding compliance with statutory duties and risk. The level of risk relating to Continuing Health Care has been appropriately flagged using this process and brought to the attention of the Audit Committee. The Committee and indeed the Board were well sighted on this matter through effective risk management processes and although the risk remains high, and is transferred to successor CCGs this is not considered to warrant a significant lapse in control.

Through ongoing risk management in 2012/13 eight strategic risks were identified, assessed and included within the Board Assurance Framework. With regards to operational risks, our risk profile and activity has remained consistent throughout the year with a number of longstanding risks captured on the risk register along with the regular opening and closing of risks which have been managed and reduced swiftly. This year has seen the transfer of risk to our successor organisations in line with the aspects of business they have been leading other than the issues associated with transition as a sender organisation.

### **Significant Issues**

As Accountable Officer, I have responsibility for reviewing the effectiveness of governance arrangements and the system of internal control. My review is informed in a number of ways and the Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on controls reviewed as part of Internal Audit's work.

It is his overall opinion that significant assurance can be given.

Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with regular, in-year assurance via a letter of representation confirming there are no significant issues affecting my ability to sign this Annual Governance Statement. The

Assurance Framework itself provides me with evidence that the effectiveness of controls designed to manage risks to the organisation achieving its principal objectives, have been reviewed. My review is also informed by internal and external audit reports which provide assurance regarding the organisation's controls and management of risk.

However, during 2012/13 Hartlepool PCT has continued to face significant challenges with regards to continuing health care and healthcare acquired infections however these do not warrant a significant lapse in control. We have ensured our successor organisations have been made aware of our targeted work to manage these matters.

### **Conclusion**

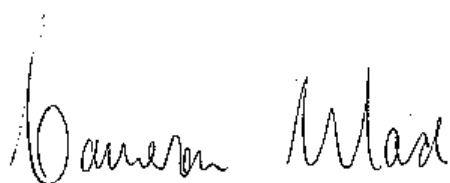
I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit Committee and plans to address weaknesses and ensure continuous improvements of the system are in place. Any outstanding internal audit areas have been notified to the receiver organisations.

My review confirms that Hartlepool PCT has a generally sound system of governance and internal control that supports the achievement of its policies, aims and objectives. I am satisfied that the arrangements described above provide assurance that risks and matters pertaining to governance can be readily identified, managed and escalated to the relevant committees and subsequently the Board for remedial action.

**Accountable Officer :** Mr Cameron Ward

**Organisation:** Hartlepool PCT

**Signature**

A handwritten signature in black ink that reads "Cameron Ward". The signature is written in a cursive style with a large initial 'C'.

**Date** 22 April 2013

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

	NOTE	2012-13 £000	2011-12 £000
<b>Administration Costs and Programme Expenditure</b>			
Gross employee benefits	7.1	2,521	2,446
Other costs	5.1	190,120	190,849
Income	4	(4,578)	(4,566)
<b>Net operating costs before interest</b>		<b>188,063</b>	<b>188,729</b>
Investment income	9	(48)	(44)
Other (Gains)/Losses	10	48	0
Finance costs	11	810	793
<b>Net operating costs for the financial year</b>		<b>188,873</b>	<b>189,478</b>
Transfers by absorption -(gains)		0	
Transfers by absorption - losses		0	
<b>Net (gain)/loss on transfers by absorption</b>		<b>0</b>	
<b>Net Operating Costs for the Financial Year including absorption transfers</b>		<b>188,873</b>	<b>189,478</b>
<b>Of which:</b>			
<b>Administration Costs</b>			
Gross employee benefits	7.1	1,776	2,088
Other costs	5.1	2,026	1,809
Income	4	(5)	(4)
<b>Net administration costs before interest</b>		<b>3,797</b>	<b>3,893</b>
Investment income	9	0	0
Other (Gains)/Losses	10	0	0
Finance costs	11	0	0
<b>Net administration costs for the financial year</b>		<b>3,797</b>	<b>3,893</b>
<b>Programme Expenditure</b>			
Gross employee benefits	7.1	745	358
Other costs	5.1	188,094	189,040
Income	4	(4,573)	(4,562)
<b>Net programme expenditure before interest</b>		<b>184,266</b>	<b>184,836</b>
Investment income	9	(48)	(44)
Other (Gains)/Losses	10	48	0
Finance costs	11	810	793
<b>Net programme expenditure for the financial year</b>		<b>185,076</b>	<b>185,585</b>
<b>Other Comprehensive Net Expenditure</b>			
		2012-13 £000	2011-12 £000
Net (gain) on revaluation of property, plant & equipment		(104)	(128)
<b>Total comprehensive net expenditure for the year*</b>		<b>188,769</b>	<b>189,350</b>

\*This is the sum of the rows above plus net operating costs for the financial year after absorption accounting adjustments.

The notes on pages 31 to 54 form part of this account.

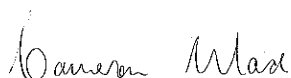
## Statement of Financial Position at 31 March 2013

		31 March 2013	31 March 2012
	NOTE	£000	£000
<b>Non-current assets:</b>			
Property, plant and equipment	12	18,373	19,520
Intangible assets	13	0	0
Investment property	15	0	0
Other financial assets	20	301	303
Trade and other receivables	19.1	0	0
<b>Total non-current assets</b>		<u>18,674</u>	<u>19,823</u>
<b>Current assets:</b>			
Inventories	18	0	0
Trade and other receivables	19.1	1,683	1,223
Other financial assets	36	0	0
Other current assets	22	0	0
Cash and cash equivalents	23	198	40
<b>Total current assets</b>		<u>1,881</u>	<u>1,263</u>
Non-current assets held for sale	24	0	275
<b>Total current assets</b>		<u>1,881</u>	<u>1,538</u>
<b>Total assets</b>		<u>20,555</u>	<u>21,361</u>
<b>Current liabilities</b>			
Trade and other payables	25	(8,121)	(7,276)
Other liabilities	26,28	0	0
Provisions	32	(262)	(39)
Borrowings	27	(543)	(522)
Other financial liabilities	28	0	0
<b>Total current liabilities</b>		<u>(8,926)</u>	<u>(7,837)</u>
<b>Non-current assets plus/less net current assets/liabilities</b>		<u>11,629</u>	<u>13,524</u>
<b>Non-current liabilities</b>			
Trade and other payables	25	(705)	(564)
Other Liabilities	26,28	0	0
Provisions	32	(494)	(109)
Borrowings	27	(13,716)	(14,260)
Other financial liabilities	28	0	0
<b>Total non-current liabilities</b>		<u>(14,915)</u>	<u>(14,933)</u>
<b>Total Assets Employed:</b>		<u>(3,286)</u>	<u>(1,409)</u>
<b>Financed by taxpayers' equity:</b>			
General fund		(4,940)	(3,667)
Revaluation reserve		1,654	2,258
Other reserves		0	0
<b>Total taxpayers' equity:</b>		<u>(3,286)</u>	<u>(1,409)</u>

The notes on pages 31 to 54 form part of this account.

The financial statements in pages 27 to 30 were approved by the Audit Committee on behalf of the Board on 31st May 2013 and signed on its behalf by

Chief Executive:



Date: 31st May 2013

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

	General fund	Revaluation reserve	Total reserves
	£000	£000	£000
<b>Balance at 1 April 2012</b>	<b>(3,667)</b>	<b>2,258</b>	<b>(1,409)</b>
<b>Changes in taxpayers' equity for 2012-13</b>			
Net operating cost for the year	(188,873)		(188,873)
Net gain on revaluation of property, plant, equipment		104	104
Transfers between reserves*	708	(708)	0
<b>Reclassification Adjustments</b>			
Transfers between Revaluation Reserve & General Fund in respect of assets transferred under absorption	0	0	0
Net actuarial gain/(loss) on pensions	0		0
<b>Total recognised income and expense for 2012-13</b>	<b>(188,165)</b>	<b>(604)</b>	<b>(188,769)</b>
Net Parliamentary funding	186,892		186,892
<b>Balance at 31 March 2013</b>	<b>(4,940)</b>	<b>1,654</b>	<b>(3,286)</b>
<b>Balance at 1 April 2011</b>	<b>(2,238)</b>	<b>2130</b>	<b>(108)</b>
<b>Changes in taxpayers' equity for 2011-12</b>			
Net operating cost for the year	(189,478)		(189,478)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment		128	128
<b>Reclassification Adjustments</b>			
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	0	0
On disposal of available for sale financial assets	0	0	0
Net actuarial gain/(loss) on pensions	0		0
<b>Total recognised income and expense for 2011-12</b>	<b>(189,478)</b>	<b>128</b>	<b>(189,350)</b>
Net Parliamentary funding	188,049		188,049
<b>Balance at 31 March 2012</b>	<b>(3,667)</b>	<b>2,258</b>	<b>(1,409)</b>

**Statement of cash flows for the year ended  
31 March 2013**

	NOTE	2012-13 £000	2011-12 £000
<b>Cash Flows from Operating Activities</b>			
Net Operating Cost Before Interest		(188,063)	(188,729)
Depreciation and Amortisation		1,309	1,211
Impairments and Reversals		0	75
Interest Paid		(809)	(793)
(Increase)/Decrease in Trade and Other Receivables		(460)	708
Increase/(Decrease) in Trade and Other Payables		983	(55)
Provisions Utilised		(7)	0
Increase/(Decrease) in Provisions		615	23
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>		<u>(186,432)</u>	<u>(187,560)</u>
<b>Cash flows from investing activities</b>			
Interest Received		48	44
(Payments) for Property, Plant and Equipment		(54)	(103)
Proceeds of disposal of assets held for sale (PPE)		227	18
Loans Repaid in Respect of LIFT		2	4
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>		<u>223</u>	<u>(37)</u>
<b>Net cash inflow/(outflow) before financing</b>		<u>(186,209)</u>	<u>(187,597)</u>
<b>Cash flows from financing activities</b>			
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		(525)	(491)
Net Parliamentary Funding		186,892	188,049
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>		<u>186,367</u>	<u>187,558</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>158</u>	<u>(39)</u>
<b>Cash and Cash Equivalents ( and Bank Overdraft) at Beginning of the Period</b>		<u>40</u>	<u>79</u>
<b>Cash and Cash Equivalents (and Bank Overdraft) at year end</b>		<u>198</u>	<u>40</u>



## 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.

#### Transforming Community Services (TCS) transactions

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

#### Acquisitions and Discontinued Operations

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

#### Critical accounting judgements and key sources of estimation uncertainty

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

#### 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.

#### Critical accounting judgements - Going Concern

As a consequence of the Health and Social Care Act 2012, the functions, assets and liabilities of Hartlepool PCT will be transferred on 31st March 2013 to a number of new or existing public / private sector entities significantly, NHS Property Services, Community Health Partnerships, Clinical Commissioning Groups, NHS England and the Local Authorities.

#### 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. Examples include asset valuations (note 12.1), asset lives (note 12.3), provision balances (note 32).

## 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 Administration and Programme Costs

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

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

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

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

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

### 1.4 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)**

### **1.5 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.

### **1.6 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.

### **1.7 Inventories**

In 2012/13 inventories are not valued within these accounts due to immaterial stock values.

### **1.8 Cash and cash equivalents**

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

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

### **1.9 Losses and Special Payments**

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

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

### **1.10 Clinical Negligence Costs**

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

### 1.11 Employee benefits

#### Short-term employee benefits

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

#### 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.

### 1.12 Other expenses

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

### 1.13 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.

### 1.14 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.

### 1.15 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. Accounting policies (continued)

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

### 1.17 Financial Instruments

#### Financial assets

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

Financial assets are initially recognised at fair value.

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

#### Financial assets at fair value through profit and loss

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

#### Held to maturity investments

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

#### Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to the Statement of Comprehensive Net Expenditure on de-recognition.

#### Loans and receivables

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

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

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

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

## 1. Accounting policies (continued)

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

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

#### Financial liabilities

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

Financial liabilities are initially recognised at fair value.

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

#### **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.

#### **1.18 Private Finance Initiative (PFI) and NHS LIFT transactions**

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

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- a) Payment for the fair value of services received;
- b) Payment for the PFI asset, including finance costs; and
- c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

##### **a) Services received**

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

##### **b) PFI and LIFT assets, liabilities, and finance costs**

LIFT assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially and subsequently at the present value of the minimum lease payments in accordance with the principles of IAS 17.

A LIFT liability is recognised at the same time as the assets are recognised. It is measured initially at the present value of the minimum lease payments in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and 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 asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the PCT's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised.

The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

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

Assets contributed 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.

#### **Other assets contributed by the PCT to the operator**

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

#### **1.19 Accounting Standards that have been issued but have not yet been adopted**

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

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

## **2 Operating segments**

Hartlepool PCT acts as a Commissioner PCT, without a separate provider of services to the public, and all activity is reported to the Board under as 'single segment' accordingly.

### 3. Financial Performance Targets

#### 3.1 Revenue Resource Limit

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

	2012-13 £000	2011-12 £000
Total Net Operating Cost for the Financial Year	188,873	189,478
Net operating cost plus (gain)/loss on transfers by absorption	188,873	
Adjusted for prior period adjustments in respect of errors	0	0
Revenue Resource Limit	<u>188,973</u>	<u>189,578</u>
<b>Under/(Over)spend Against Revenue Resource Limit (RRL)</b>	<u>100</u>	<u>100</u>

As at 31st March 2013, Hartlepool PCT has £1.225m resource lodged with NHS England.

#### 3.2 Capital Resource Limit

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

	2012-13 £000	2011-12 £000
Capital Resource Limit	(219)	99
Charge to Capital Resource Limit	(219)	98
<b>(Over)/Underspend Against CRL</b>	<u>0</u>	<u>1</u>

#### 3.3 Under/(Over)spend against cash limit

	2012-13 £000	2011-12 £000
Total Charge to Cash Limit	186,892	188,049
Cash Limit	<u>187,530</u>	<u>188,957</u>
<b>Under/(Over)spend Against Cash Limit</b>	<u>638</u>	<u>908</u>

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

	2012-13 £000
Total cash received from DH (Gross)	163,273
Less: Trade Income from DH	0
Less/(Plus): movement in DH working balances	0
<b>Sub total: net advances</b>	<u>163,273</u>
(Less)/plus: transfers (to)/from other resource account bodies	0
Plus: cost of Dentistry Schemes (central charge to cash limits)	5,198
Plus: drugs reimbursement (central charge to cash limits)	18,421
<b>Parliamentary funding credited to General Fund</b>	<u>186,892</u>

**4 Miscellaneous Revenue**

	<b>2012-13 Total £000</b>	<b>2012-13 Admin £000</b>	<b>2012-13 Programme £000</b>	<b>2011-12 £000</b>
Dental Charge income from Contractor-Led GDS & PDS	1,349	0	1,349	1,264
Prescription Charge income	1,016	0	1,016	983
NHS Foundation Trusts	172	0	172	180
Primary Care Trusts - Other	625	4	621	554
Local Authorities	1	0	1	0
Education, Training and Research	413	0	413	536
Other Non-NHS Patient Care Services	255	0	255	216
Rental revenue from operating leases	731	0	731	723
Other revenue	16	1	15	110
<b>Total miscellaneous revenue</b>	<b>4,578</b>	<b>5</b>	<b>4,573</b>	<b>4,566</b>



## 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
<b>Goods and Services from Other PCTs</b>				
Healthcare	15,368	0	15,368	13,171
Non-Healthcare	1,798	1,010	788	935
<b>Total</b>	<b>17,166</b>	<b>1,010</b>	<b>16,156</b>	<b>14,106</b>
<b>Goods and Services from Other NHS Bodies other than FTs</b>				
Goods and services from NHS Trusts	292	0	292	2,447
Goods and services (other, excl. Trusts, FT and PCT)	45	7	38	148
<b>Total</b>	<b>337</b>	<b>7</b>	<b>330</b>	<b>2,595</b>
Goods and Services from Foundation Trusts	105,278	274	105,004	108,444
Purchase of Healthcare from Non-NHS bodies	16,806	0	16,806	14,989
Expenditure on Drugs Action Teams	2,028	0	2,028	2,094
Contractor Led GDS & PDS (excluding employee benefits)	6,961	0	6,961	6,788
Chair, Non-executive Directors & PEC remuneration	27	27	0	56
Consultancy Services	117	117	0	8
Prescribing Costs	14,271	0	14,271	14,744
G/PMS, APMS and PCTMS (excluding employee benefits)	16,454	0	16,454	16,126
New Pharmacy Contract	5,108	0	5,108	5,142
General Ophthalmic Services	1,196	0	1,196	1,260
Supplies and Services - Clinical	134	0	134	597
Supplies and Services - General	32	0	32	33
Establishment	182	49	133	216
Transport	1	1	0	1
Premises	1,950	40	1,910	1,510
Impairments & Reversals of Property, plant and equipment	0	0	0	75
Depreciation	1,309	0	1,309	1,211
Audit Fees	71	71	0	109
Other Auditors Remuneration	17	17	0	31
Clinical Negligence Costs	11	11	0	7
Education and Training	3	2	1	26
Other	661	400	261	681
<b>Total Operating costs charged to Statement of Comprehensive Net Expenditure</b>	<b>190,120</b>	<b>2,026</b>	<b>188,094</b>	<b>190,849</b>
<b>Employee Benefits (excluding capitalised costs)</b>				
PCT Officer Board Members	107	107	0	88
Other Employee Benefits	2,414	1,669	745	2,358
<b>Total Employee Benefits charged to SOCNE</b>	<b>2,521</b>	<b>1,776</b>	<b>745</b>	<b>2,446</b>
<b>Total Operating Costs</b>	<b>192,641</b>	<b>3,802</b>	<b>188,839</b>	<b>193,295</b>
	<b>Total</b>	<b>Commissioning Public Health Services</b>		
<b>PCT Running Costs 2012-13</b>				
Running costs (£000s)	3,850	3,543	307	
Weighted population (number in units)*	109,232	109,232	109,232	
Running costs per head of population (£ per head)	<b>35.25</b>	<b>32.44</b>	<b>2.81</b>	
<b>PCT Running Costs 2011-12</b>				
Running costs (£000s)	3,946	3,594	352	
Weighted population (number in units)	109,232	109,232	109,232	
Running costs per head of population (£ per head)	<b>36.12</b>	<b>32.90</b>	<b>3.22</b>	

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

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

<b>5.2 Analysis of operating expenditure by expenditure classification</b>	<b>2012-13</b>	<b>2011-12</b>
	<b>£000</b>	<b>£000</b>
<b>Purchase of Primary Health Care</b>		
GMS / PMS/ APMS / PCTMS	16,454	16,126
Prescribing costs	14,271	14,744
Contractor led GDS & PDS	6,433	6,262
General Ophthalmic Services	1,196	1,260
New Pharmacy Contract	5,108	5,142
<b>Total Primary Healthcare purchased</b>	<b>43,462</b>	<b>43,534</b>
<b>Purchase of Secondary Healthcare</b>		
Learning Difficulties	8,393	7,670
Mental Illness	18,287	16,801
Maternity	4,011	4,269
General and Acute	81,197	83,902
Accident and emergency	2,334	2,591
Community Health Services	23,186	23,518
Other Contractual	1,847	1,937
<b>Total Secondary Healthcare Purchased</b>	<b>139,255</b>	<b>140,688</b>
<b>Total Healthcare Purchased by PCT</b>	<b>182,717</b>	<b>184,222</b>
PCT self-provided secondary healthcare included above	0	0
Social Care from Independent Providers	0	0
Healthcare from NHS FTs included above	104,762	107,877

## 6. Operating Leases

The significant operating lease represented in the figures below is:

- Mandale House £94k, lease expires July 2015.

6.1 PCT as lessee				2012-13	2011-12
	Land £000	Buildings £000	Other £000	Total £000	£000
<b>Payments recognised as an expense</b>					
Minimum lease payments				114	123
Contingent rents				34	36
Sub-lease payments				0	0
<b>Total</b>				<b>148</b>	<b>159</b>
<b>Payable:</b>					
No later than one year	0	129	0	129	129
Between one and five years	0	127	0	127	256
After five years	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>256</b>	<b>0</b>	<b>256</b>	<b>385</b>

Total future sublease payments expected to be received 0 0

### Arrangements containing substance of a lease:

Hartlepool PCT has entered into certain financial arrangements involving the use of GP premises. Under IAS17 (Leases), SIC (Evaluating the substance of transactions involving the legal form of a lease) and IFRIC4 (Determining whether an arrangement contains a lease) the PCT has determined that those operating leases must be recognised, but, as there is no defined term in the arrangements entered into, it is not possible to analyse the arrangements over financial years. The financial value included in the Operating Cost Statement for 2012/13 is £625k (£544k 2011/12).

## 6.2 PCT as lessor

The PCT leases surgery premises in Wynyard Road Primary Care Centre and the One Life Health Centre.

	2012-13 £000	2011-12 £000
<b>Recognised as income</b>		
Rental Revenue	731	723
Contingent rents	0	0
<b>Total</b>	<b>731</b>	<b>723</b>
<b>Receivable:</b>		
No later than one year	731	723
Between one and five years	2,924	2,892
After five years	12,248	12,841
<b>Total</b>	<b>15,903</b>	<b>16,456</b>

**7. Employee benefits and staff numbers****7.1 Employee benefits**

	2012-13			Permanently employed			Other		
	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
<b>Employee Benefits - Gross Expenditure</b>									
Salaries and wages	2,167	1,525	642	2,023	1,440	583	144	85	59
Social security costs	141	100	41	141	100	41	0	0	0
Employer Contributions to NHS BSA - Pensions Division	213	151	62	213	151	62	0	0	0
<b>Total employee benefits</b>	<b>2,521</b>	<b>1,776</b>	<b>745</b>	<b>2,377</b>	<b>1,691</b>	<b>686</b>	<b>144</b>	<b>85</b>	<b>59</b>
<b>Less recoveries in respect of employee benefits (table below)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total - Net Employee Benefits including capitalised costs</b>	<b>2,521</b>	<b>1,776</b>	<b>745</b>	<b>2,377</b>	<b>1,691</b>	<b>686</b>	<b>144</b>	<b>85</b>	<b>59</b>
<b>Employee costs capitalised</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Gross Employee Benefits excluding capitalised costs</b>	<b>2,521</b>	<b>1,776</b>	<b>745</b>	<b>2,377</b>	<b>1,691</b>	<b>686</b>	<b>144</b>	<b>85</b>	<b>59</b>
<b>Recognised as:</b>									
Commissioning employee benefits	2,521			2,377			144		
<b>Gross Employee Benefits excluding capitalised costs</b>	<b>2,521</b>			<b>2,377</b>			<b>144</b>		

**Employee Benefits - Prior- year**

	Total £000	Permanently employed £000	Other £000
<b>Employee Benefits Gross Expenditure 2011-12</b>			
Salaries and wages	2,031	1,936	95
Social security costs	158	158	0
Employer Contributions to NHS BSA - Pensions Division	239	239	0
Termination benefits	18	18	0
<b>Total gross employee benefits</b>	<b>2,446</b>	<b>2,351</b>	<b>95</b>
<b>Less recoveries in respect of employee benefits</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total - Net Employee Benefits including capitalised costs</b>	<b>2,446</b>	<b>2,351</b>	<b>95</b>
<b>Employee costs capitalised</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Gross Employee Benefits excluding capitalised costs</b>	<b>2,446</b>	<b>2,351</b>	<b>95</b>
<b>Recognised as:</b>			
Commissioning employee benefits	2,446		
Provider employee benefits	0		
<b>Gross Employee Benefits excluding capitalised costs</b>	<b>2,446</b>		

**7.2 Staff Numbers**

	2012-13			2011-12		
	Total Number	Permanently employed Number	Other Number	Total Number	Permanently employed Number	Other Number
<b>Average Staff Numbers</b>						
Medical and dental	1	1	0	1	1	0
Ambulance staff	0	0	0	4	0	4
Administration and estates	44	38	6	38	38	0
Nursing, midwifery and health visiting staff	4	4	0	5	4	1
Scientific, therapeutic and technical staff	5	5	0	5	5	0
Other	2	2	0	5	5	0
<b>TOTAL</b>	<b>56</b>	<b>50</b>	<b>6</b>	<b>58</b>	<b>53</b>	<b>5</b>
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	1,975	2,102
Total Staff Years	324	275
Average working Days Lost	6.10	7.64

The sickness absence figures relate to 2011 and 2012 calendar year.  
2012-13 staff sickness figures are presented on a Tees basis, due to the staff hosting arrangements.

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

**7.4 Exit Packages agreed during 2012-13**

	2012-13			2011-12		
	*Number of compulsory redundancies Number	*Number of other departures agreed Number	Total number of exit packages by cost band Number	*Number of compulsory redundancies Number	*Number of other departures agreed Number	Total number of exit packages by cost band Number
<b>Exit package cost band (including any special payment element)</b>						
£10,001-£25,000	0.00	0.00	0.00	0.19	0.00	0.19
<b>Total number of exit packages by type (total cost)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.19</b>	<b>0.00</b>	<b>0.19</b>
<b>Total resource cost</b>	<b>£s 0</b>	<b>£s 0</b>	<b>£s 0</b>	<b>£s 18,000</b>	<b>£s 0</b>	<b>£s 18,000</b>

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

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

Exit Packages for 2012/13 reflect the principal relationship for Tees PCT's, however in 2011/12 the numbers reflect an agency basis.

## 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](http://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.

The scheme is subject to a full actuarial valuation every four years (until 2004, every five years) and an accounting valuation every year. An outline of these follows:

### a) 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 to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date. The conclusion from the 2004 valuation was that the scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004.

In order to defray the costs of benefits, employers pay contributions at 14% of pensionable pay and most employees had up to April 2008 paid 6%, with manual staff paying 5%.

Following the full actuarial review by the Government Actuary undertaken as at 31 March 2004, and after consideration of changes to the NHS Pension Scheme taking effect from 1 April 2008, his Valuation report recommended that employer contributions could continue at the existing rate of 14% of pensionable pay, from 1 April 2008, following the introduction of employee contributions on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

On advice from the scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities.

### b) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period by updating the results of the full actuarial valuation.

Between the full actuarial valuations at a two-year midpoint, a full and detailed member data-set is provided to the scheme actuary. At this point the assumptions regarding the composition of the scheme membership are updated to allow the scheme liability to be valued.

The valuation of the scheme liability as at 31 March 2011, is based on detailed membership data as at 31 March 2008 (the latest midpoint) updated to 31 March 2011 with summary global member and accounting data.

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) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

### 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.

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 statement of comprehensive income at the time the PCT commits itself to the retirement, regardless of the method of payment.

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
<b>Non-NHS Payables</b>				
Total Non-NHS Trade Invoices Paid in the Year	3,511	26,137	3,925	27,917
Total Non-NHS Trade Invoices Paid Within Target	3,366	25,766	3,743	27,354
Percentage of NHS Trade Invoices Paid Within Target	95.87%	98.58%	95.36%	97.98%
<b>NHS Payables</b>				
Total NHS Trade Invoices Paid in the Year	1,541	129,109	1,604	141,442
Total NHS Trade Invoices Paid Within Target	1,495	128,840	1,538	140,987
Percentage of NHS Trade Invoices Paid Within Target	97.01%	99.79%	95.89%	99.68%

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**

In 2012/13 Hartlepool PCT has no late payment of Commercial Debts (2011-12:nil)

**9. Investment Income**

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
<b>Interest Income</b>				
LIFT: loan interest receivable	48	0	48	44
<b>Total investment income</b>	<b>48</b>	<b>0</b>	<b>48</b>	<b>44</b>

**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	(48)	0	(48)	0
<b>Total</b>	<b>(48)</b>	<b>0</b>	<b>(48)</b>	<b>0</b>

**11. Finance Costs**

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
<b>Interest on obligations under LIFT contracts:</b>				
- main finance cost	719	0	719	743
- contingent finance cost	91	0	91	50
<b>Total interest expense</b>	<b>810</b>	<b>0</b>	<b>810</b>	<b>793</b>
<b>Total</b>	<b>810</b>	<b>0</b>	<b>810</b>	<b>793</b>

**12.1 Property, plant and equipment**

	Land	Buildings excluding dwellings	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000
<b>2012-13</b>						
<b>Cost or valuation:</b>						
At 1 April 2012	150	20,129	1,936	1,433	120	23,768
Additions Purchased	0	3	0	55	0	58
Upward revaluation/positive indexation	2	102	0	0	0	104
<b>At 31 March 2013</b>	<b>152</b>	<b>20,234</b>	<b>1,936</b>	<b>1,488</b>	<b>120</b>	<b>23,930</b>
<b>Depreciation</b>						
At 1 April 2012	14	2,345	599	1,254	36	4,248
Charged During the Year	7	806	323	89	84	1,309
<b>At 31 March 2013</b>	<b>21</b>	<b>3,151</b>	<b>922</b>	<b>1,343</b>	<b>120</b>	<b>5,557</b>
<b>Net Book Value at 31 March 2013</b>	<b>131</b>	<b>17,083</b>	<b>1,014</b>	<b>145</b>	<b>0</b>	<b>18,373</b>
Purchased	131	17,083	1,014	145	0	18,373
<b>Total at 31 March 2013</b>	<b>131</b>	<b>17,083</b>	<b>1,014</b>	<b>145</b>	<b>0</b>	<b>18,373</b>
<b>Asset financing:</b>						
Owned	0	35	1,014	145	0	1,194
On-SOFP LIFT contracts	131	17,048	0	0	0	17,179
<b>Total at 31 March 2013</b>	<b>131</b>	<b>17,083</b>	<b>1,014</b>	<b>145</b>	<b>0</b>	<b>18,373</b>

**Revaluation Reserve Balance for Property, Plant & Equipment**

	Land	Buildings	Plant & machinery	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2012	329	1,915	14	0	0	2,258
Movements	(284)	(320)	0	0	0	(604)
<b>At 31 March 2013</b>	<b>45</b>	<b>1,595</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>1,654</b>

**12.2 Property, plant and equipment**

	Land	Buildings excluding dwellings	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000
<b>2011-12</b>						
<b>Cost or valuation:</b>						
At 1 April 2011	425	19,921	1,936	1,393	120	23,795
Additions - purchased	0	80	0	40	0	120
Reclassified as held for sale	(275)	0	0	0	0	(275)
Revaluation & indexation gains	0	128	0	0	0	128
<b>At 31 March 2012</b>	<b>150</b>	<b>20,129</b>	<b>1,936</b>	<b>1,433</b>	<b>120</b>	<b>23,768</b>
<b>Depreciation</b>						
At 1 April 2011	7	1,558	350	1,022	25	2,962
Impairments	0	0	62	13	0	75
Charged During the Year	7	787	187	219	11	1,211
<b>At 31 March 2012</b>	<b>14</b>	<b>2,345</b>	<b>599</b>	<b>1,254</b>	<b>36</b>	<b>4,248</b>
<b>Net Book Value at 31 March 2012</b>	<b>136</b>	<b>17,784</b>	<b>1,337</b>	<b>179</b>	<b>84</b>	<b>19,520</b>
Purchased	136	17,784	1,337	179	84	19,520
<b>At 31 March 2012</b>	<b>136</b>	<b>17,784</b>	<b>1,337</b>	<b>179</b>	<b>84</b>	<b>19,520</b>
<b>Asset financing:</b>						
Owned	0	63	1,337	179	84	1,663
On-SOFP PFI contracts	136	17,721	0	0	0	17,857
<b>At 31 March 2012</b>	<b>136</b>	<b>17,784</b>	<b>1,337</b>	<b>179</b>	<b>84</b>	<b>19,520</b>

### 12.3 Property, plant and equipment

The range in asset lives is 1 to 23 yrs.

	Min Life Years	Max Life Years
<b>Property, Plant &amp; Equipment</b>		
Buildings exc Dwellings	1	23
Plant & Machinery	4	8
Information Technology	1	5

### 13.1 Intangible non-current assets

In 2012/13 the PCT has no intangible non current assets, (2011/12:nil).

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

In 2012/13 there are no impairments and reversals.

### 15 Investment property

Hartlepool PCT does not have any Investment Property.

### 16 Commitments

#### 16.1 Capital commitments

In 2012/13 Hartlepool PCT has no other contracted capital commitments as at 31st March 2013 not otherwise included in these financial statements, (2011/12:nil).

### 17 Intra-Government and other balances

	Current receivables	Non-current receivables	Current payables	Non- current payables
	£000s	£000s	£000s	£000s
Balances with other Central Government Bodies	118	0	735	0
Balances with Local Authorities	184	0	131	0
Balances with NHS Trusts and Foundation Trusts	383	0	721	0
Balances with bodies external to government	998	0	6,534	0
<b>At 31 March 2013</b>	<b>1,683</b>	<b>0</b>	<b>8,121</b>	<b>0</b>
<b>prior period:</b>				
Balances with other Central Government Bodies	88	0	382	0
Balances with Local Authorities	18	0	176	0
Balances with NHS Trusts and Foundation Trusts	261	0	662	0
Balances with Public Corporations and Trading Funds	63	0	38	0
Balances with bodies external to government	793	0	6,018	564
<b>At 31 March 2012</b>	<b>1,223</b>	<b>0</b>	<b>7,276</b>	<b>564</b>

### 18 Inventories

Inventory was not recorded as only immaterial stock balances are held.

### 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	456	349	0	0
Non-NHS receivables - revenue	546	269	0	0
Non-NHS prepayments and accrued income	635	542	0	0
VAT	46	63	0	0
<b>Total</b>	<b>1,683</b>	<b>1,223</b>	<b>0</b>	<b>0</b>
<b>Total current and non current</b>	<b>1,683</b>	<b>1,223</b>		
<b>Included above:</b>				
<b>Prepaid pensions contributions</b>	<b>0</b>	<b>0</b>		

### 19.2 Receivables past their due date but not impaired

	31 March 2013 £000	31 March 2012 £000
By up to three months	86	128
By three to six months	0	280
By more than six months	83	10
<b>Total</b>	<b>169</b>	<b>418</b>

### 19.3 Provision for impairment of receivables

In 2012/13 the PCT has no provision for impairment of receivables, (2011/12:nil).



## 20 NHS LIFT investments

	Loan £000	Share capital £000	Total £000
Balance at 1 April 2012	302	1	303
Loan repayments	(2)	0	(2)
<b>Balance at 31 March 2013</b>	<b>300</b>	<b>1</b>	<b>301</b>
Balance at 1 April 2011	306	1	307
Loan repayments	(4)	0	(4)
<b>Balance at 31 March 2012</b>	<b>302</b>	<b>1</b>	<b>303</b>

### 21.1 Other financial assets - Current

In 2012/13 there were no other financial assets - current.

### 21.2 Other Financial Assets - Non Current

	31 March 2013 £000	31 March 2012 £000
Opening balance 1 April	303	307
Disposals	(2)	(4)
<b>Total Other Financial Assets - Non Current</b>	<b>301</b>	<b>303</b>

### 21.3 Other Financial Assets - Capital Analysis

	31 March 2013 £000	31 March 2012 £000
Capital Expenditure	0	0
Capital Income	(2)	(4)

## 22 Other current assets

In 2012/13 the PCT has no other current assets, (2011/12:nil)

## 23 Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Opening balance	40	79
Net change in year	158	(39)
<b>Closing balance</b>	<b>198</b>	<b>40</b>
<b>Made up of</b>		
Cash with Government Banking Service	198	39
Cash in hand	0	1
<b>Cash and cash equivalents as in statement of financial position</b>	<b>198</b>	<b>40</b>
<b>Cash and cash equivalents as in statement of cash flows</b>	<b>198</b>	<b>40</b>

Patients' money held by the PCT, not included above

## 24 Non-current assets held for sale

	Land £000	Plant and Machinery £000	Total £000
Balance at 1 April 2012	275	0	275
Less assets sold in the year	(275)	0	(275)
<b>Balance at 31 March 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Liabilities associated with assets held for sale at 31 March 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>
Balance at 1 April 2011	0	18	18
Plus assets classified as held for sale in the year	275	0	275
Less assets sold in the year	0	(18)	(18)
<b>Balance at 31 March 2012</b>	<b>275</b>	<b>0</b>	<b>275</b>
<b>Liabilities associated with assets held for sale at 31 March 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

At 31 March 2012	0
At 31 March 2013	0

In 2012/13 Caroline Street Health Centre was sold.

## 25 Trade and other payables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Interest payable	0	0		
NHS payables - revenue	219	220	0	0
NHS payables - capital	0	0	0	0
NHS accruals and deferred income	1,237	825	0	0
Family Health Services (FHS) payables	3,722	3,810		
Non-NHS payables - revenue	0	14	0	0
Non-NHS payables - capital	29	26	0	0
Non-NHS accruals and deferred income	2,914	2,380	0	0
Social security costs	0	1		
VAT	0	0	0	0
Tax	0	0		
Payments received on account	0	0	0	0
Other	0	0	705	564
<b>Total</b>	<b>8,121</b>	<b>7,276</b>	<b>705</b>	<b>564</b>
Total payables (current and non-current)	<b>8,826</b>	<b>7,840</b>		

## 26 Other liabilities

In 2012/13 the PCT has no Other Liabilities, (2011/12:nil)

## 27 Borrowings

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Main liability	543	522	13,716	14,260
<b>Total</b>	<b>543</b>	<b>522</b>	<b>13,716</b>	<b>14,260</b>
Total other liabilities (current and non-current)	<b>14,259</b>	<b>14,782</b>		

### Borrowings/Loans - Payment of Principal Falling Due in:

	DH £000s	Other £000s	Total £000s
0 - 1 Years	0	543	543
1 - 2 Years	0	563	563
2 - 5 Years	0	2,378	2,378
Over 5 Years	0	10,775	10,775
<b>TOTAL</b>	<b>0</b>	<b>14,259</b>	<b>14,259</b>

## 28 Other financial liabilities

In 2012/13 the PCT has no Other Liabilities, (2011/12:nil).

## 29 Deferred income

The PCT has no Deferred Income, (2011/12:nil)

## 30 Finance lease obligations

Hartlepool PCT has no finance lease obligations as at the balance sheet date (2011/12:nil).

## 31 Finance lease receivables as lessor

Hartlepool PCT has no finance lease receivables as at the balance sheet date (2011/12:nil).

**32 Provisions**

	Total £000s	Legal Claims £000s	Continuing Care £000s	Other £000s
<b>Balance at 1 April 2012</b>	148	5	136	7
Arising During the Year	615	10	605	0
Utilised During the Year	(7)	0	0	(7)
Reversed Unused	0	0	0	0
Unwinding of Discount	0	0	0	0
Change in Discount Rate	0	0	0	0
Transferred (to)/from other Public Sector bodies	0	0	0	0
<b>Balance at 31 March 2013</b>	<b>756</b>	<b>15</b>	<b>741</b>	<b>0</b>

**Expected Timing of Cash Flows:**

No Later than One Year	262	15	247	0
Later than One Year and not later than Five Years	494	0	494	0
Later than Five Years	0	0	0	0

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

As at 31 March 2013	50
As at 31 March 2012	635

'Continuing Care provision' £741k (current & non current) relates to an estimate of compensation costs for individuals who meet appropriate continuing healthcare criteria and have previously borne the cost of nursing in private care as a direct personal expense, or where (following nursing assessment) individuals may be deemed retrospectively to meet national criteria for free nursing care. There is a high degree of uncertainty inherent both in anticipating claims and in assessing the likelihood of success and eventual financial outcome.

'Legal' Provision of £15k relates to employee liability claims which are expected to be settled within 1 year.

**33 Contingencies**

	31 March 2013 £000	31 March 2012 £000
<b>Contingent liabilities</b>		
Equal Pay	0	0
Other:	(2,077)	(4)
Amounts Recoverable Against Contingent Liabilities	0	0
<b>Net Value of Contingent Liabilities</b>	<b>(2,077)</b>	<b>(4)</b>
<b>Contingent Assets</b>		
<b>Net Value of Contingent Assets</b>	<b>0</b>	<b>0</b>

'Other' Contingent liabilities - £5k NHLSA Public Liability, £2k employee liability, £2,070k relates to potential Continuing Health Care compensation costs.

**34 PFI and LIFT - additional information**

The PCT has no PFI schemes that are on statement, but there are two LIFT schemes.

**Charges to operating expenditure and future commitments in respect of on and off SOFP LIFT****1) Wynyard Road Primary Care Centre**

Hartlepool PCT has an NHS LIFT contract with Care Partnerships 25 Ltd for Wynyard Road Primary Care Centre. The contract commenced in August 2006 and is for a period of 25 years.

The PCT is invoiced on a monthly basis. The 'Lease Plus' arrangement is increased annually by reference to the annual RPI published.

The PCT decides and controls the services provided from the premises.

As the scheme is within the scope of IFRIC12 it is accounted for on the Statement of Financial Position and the PCT has recognised the infrastructure as its own asset together with corresponding liability to pay for it.

As set out in the lease plus agreement, the landlord grants the tenant an option to purchase the asset at the end of the NHS LIFT scheme at an adjusted market price, which recognises the difference between the actual open market value at the end of the contract and the residual value of the asset. A discount starts to be applied to the purchase option once fair value of the asset exceeds one and a half times the residual value.

**2) Hartlepool One Life Centre**

In May 2008, the PCT entered into a 25 year NHS LIFT contract for Hartlepool One Life Centre, on land which is owned by the PCT but subject to a long term lease to Care Partnership 25 Ltd.

The building became operational in May 2010, and is accounted for on the Statement of Financial Position as a service concession under IFRIC 12, in accordance with International Financial Reporting Standards. The asset is recognised at the present value of the minimum lease payments £14.3m with corresponding liability. The lease plus commitment is £1.4m per annum.

The PCT is invoiced on a monthly basis. The 'Lease Plus' arrangement is increased annually by reference to the annual RPI published.

The PCT decides and controls the services provided from the premises.

In 2009/10 the PCT agreed to commission an extension to the main building to accommodate the Minor Injuries Unit. Construction costs of £2.9m were prepaid by the PCT, in order to reduce required debt funding with a consequent reduction in the annual unitary payment. The asset became operational during 2010/11 and at this point the corresponding finance lease liability was recognised to offset the prepayment, along with an impairment of £951k on valuation.

	31 March 2013 £000	31 March 2012 £000
Total Charge to Operating Expenses in year - OFF SOFP LIFT	0	0
Service element of on SOFP LIFT charged to operating expenses in year	768	740
<b>Total</b>	<b>768</b>	<b>740</b>

	31 March 2013 £000	31 March 2012 £000
<b>Payments committed to in respect of off SOFP LIFT and the service element of on SOFP LIFT.</b>		
LIFT Scheme Expiry Date:		
No Later than One Year	787	759
Later than One Year, No Later than Five Years	3,349	3,229
Later than Five Years	18,501	19,142
<b>Total</b>	<b>22,637</b>	<b>23,130</b>

The estimated annual payments in future years are expected to be materially different from those which the NHS Trust is committed to make during the next year. The likely financial effect of this is:

	31 March 2013 £000	31 March 2012 £000
Estimated capital value of project - off SOFP LIFT	0	0
Value of Deferred Assets - off SOFP LIFT	0	0
Value of Residual Interest - off SOFP LIFT	0	0

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

	31 March 2013 £000	31 March 2012 £000
No Later than One Year	1,237	1,241
Later than One Year, No Later than Five Years	4,806	4,852
Later than Five Years	16,629	17,820
<b>Subtotal</b>	<b>22,672</b>	<b>23,913</b>
Less: Interest Element	(8,413)	(9,131)
<b>Total</b>	<b>14,259</b>	<b>14,782</b>

**35 Impact of IFRS treatment - 2012-13****Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g. LIFT/PFI)**

	Total £000	Admin £000	Programme £000
Depreciation charges	701	0	701
Interest Expense	810	0	810
Impairment charge - AME	0	0	0
Impairment charge - DEL	0	0	0
Other Expenditure	803	0	803
Revenue Receivable from subleasing	0	0	0
<b>Total IFRS Expenditure (IFRIC12)</b>	<b>2,314</b>	<b>0</b>	<b>2,314</b>
Revenue consequences of LIFT/PFI schemes under UK GAAP / ESA95 (net of any sublease income)	(2,102)	0	(2,102)
<b>Net IFRS change (IFRIC12)</b>	<b>212</b>	<b>0</b>	<b>212</b>

**Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12**

Capital expenditure 2012-13	0
UK GAAP capital expenditure 2012-13 (Reversionary Interest)	0

### 36 Financial Instruments

#### Financial risk management

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

#### Currency risk

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

#### Interest rate risk

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

#### Credit Risk

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

#### Liquidity Risk

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

#### 36.1 Financial Assets

	Loans and receivables £000	Available for sale £000	Total £000
Receivables - NHS	456		456
Receivables - non-NHS	546		546
Cash at bank and in hand	198		198
Other financial assets	300	1	301
<b>Total at 31 March 2013</b>	<b>1,500</b>	<b>1</b>	<b>1,501</b>
Receivables - NHS	349		349
Receivables - non-NHS	269		269
Cash at bank and in hand	40		40
Other financial assets	302	1	303
<b>Total at 31 March 2012</b>	<b>960</b>	<b>1</b>	<b>961</b>

#### 36.2 Financial Liabilities

	Other £000	Total £000
NHS payables	1,456	1,456
Non-NHS payables	3,751	3,751
Other borrowings	0	0
PFI & finance lease obligations	0	0
Other financial liabilities	705	705
<b>Total at 31 March 2013</b>	<b>5,912</b>	<b>5,912</b>
NHS payables	1,045	1,045
Non-NHS payables	3,850	3,850
Other borrowings	0	0
PFI & finance lease obligations	0	0
Other financial liabilities	564	564
<b>Total at 31 March 2012</b>	<b>5,459</b>	<b>5,459</b>

**37 Related party transactions**

During the year board members or members of the key management staff, or parties related to any of them, have undertaken the following material transactions with Hartlepool Primary Care Trust

		Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
		£	£	£	£
Bolenslaw Posmyk	Assura Healthcare LLP	567,039	50,552	4,825	56,165
Peter Hadfield	Cleveland Police	0	0	0	0
Bolenslaw Posmyk	Havelock Grange Practice	1,321,703	1,222	63,333	111,589
Steve Wallace	Hartlepool Families First	60,080	0	0	0
Ali Wilson	Durham & Tees Community Ventures	2,319,610	26,259	25,168	0
Peter Kelly	University of Teesside	13,500	0	0	0
Louise Wallace	Hartlepool Borough Council	8,875,961	120,006	130,644	72,237
Leo Gillen	Owton Rossmere	19,414	0	3,236	0
Neil Nicholson	North East SHA	150,572	424,122	0	0
Clare Hunter	Tees Esk & Wear Valleys FT	12,841,931	0	1,851	0
Chris Willis	Stockton on Tees PCT	3,444,411	448,208	484,711	73,167
Chris Willis	Middlesbrough PCT	2,963,066	174,051	67,838	0
Chris Willis	Redcar & Cleveland PCT	6,000	175,694	76,547	0
James Gossow	Tees Esk & Wear Valleys FT				
Peter Kelly	North East SHA				
Cameron Ward	Stockton on Tees PCT				
Steve Wallace	Stockton on Tees PCT				
Peter Hadfield	Stockton on Tees PCT				
Leo Gillen	Stockton on Tees PCT				
Malcolm Walker	Stockton on Tees PCT				
John Bentley	Stockton on Tees PCT				
Carol Hodgson	Stockton on Tees PCT				
Clare Hunter	Stockton on Tees PCT				
Peter Race	Stockton on Tees PCT				
Neil Nicholson*	Stockton on Tees PCT				
Audrey Pickstock	Stockton on Tees PCT				
Bev Reilly	Stockton on Tees PCT				
Ali Wilson	Stockton on Tees PCT				
Celia Weldon	Stockton on Tees PCT				
Jackie White	Stockton on Tees PCT				
Mike Procter	Stockton on Tees PCT				
James Gossow	Stockton on Tees PCT				
Bolenslaw Posmyk	Stockton on Tees PCT				
Peter Kelly	Stockton on Tees PCT				
Cameron Ward	Middlesbrough PCT				
Steve Wallace	Middlesbrough PCT				
Peter Hadfield	Middlesbrough PCT				
Leo Gillen	Middlesbrough PCT				
Malcolm Walker	Middlesbrough PCT				
John Bentley	Middlesbrough PCT				
Carol Hodgson	Middlesbrough PCT				
Clare Hunter	Middlesbrough PCT				
Peter Race	Middlesbrough PCT				
Neil Nicholson*	Middlesbrough PCT				
Audrey Pickstock	Middlesbrough PCT				
Bev Reilly	Middlesbrough PCT				
Celia Weldon	Middlesbrough PCT				
Jackie White	Middlesbrough PCT				
Mike Procter	Middlesbrough PCT				
James Gossow	Middlesbrough PCT				
Peter Kelly	Middlesbrough PCT				
Cameron Ward	Redcar & Cleveland PCT				
Steve Wallace	Redcar & Cleveland PCT				
Peter Hadfield	Redcar & Cleveland PCT				
Leo Gillen	Redcar & Cleveland PCT				
Malcolm Walker	Redcar & Cleveland PCT				
John Bentley	Redcar & Cleveland PCT				
Carol Hodgson	Redcar & Cleveland PCT				
Clare Hunter	Redcar & Cleveland PCT				
Peter Race	Redcar & Cleveland PCT				
Neil Nicholson*	Redcar & Cleveland PCT				
Audrey Pickstock	Redcar & Cleveland PCT				
Bev Reilly	Redcar & Cleveland PCT				
Celia Weldon	Redcar & Cleveland PCT				
Jackie White	Redcar & Cleveland PCT				
Mike Procter	Redcar & Cleveland PCT				
James Gossow	Redcar & Cleveland PCT				
Peter Kelly	Redcar & Cleveland PCT				
		<b>32,583,287</b>	<b>1,420,114</b>	<b>858,153</b>	<b>313,158</b>

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

- North Tees and Hartlepool NHS Foundation Trust
- Tees, Esk & Wear Valley NHS Foundation Trust
- South Tees Hospitals NHS Foundation Trust
- North East Ambulance Service Foundation Trust
- NHS Business Services Authority

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

**37 Related party transactions**

**Prior Year Comparators (2011-12)**

Member / Key Staff	Related Party	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
		£	£	£	£
Chris Willis	North East SHA	153,490	571,762	0	0
Chris Willis	Stockton on Tees PCT	2,888,504	311,068	251,608	45,011
Chris Willis	Middlesbrough PCT	3,471,214	216,576	55,890	32,451
Chris Willis	Redcar & Cleveland PCT	71,725	168,045	12,750	0
James Gossow	Tees Esk & Wear Valleys FT	12,048,591	0	1,520	0
Boleslaw Posmyk	Havelock GP Practice	1,401,268	73,680	0	37,263
Steve Wallace	Hartlepool Families First	62,259	0	0	10,296
Louise Wallace	Hartlepool Borough Council	7,932,019	129,013	175,915	17,826
Malcolm Walker	Belle Vue Sports Community & Youth Centre,	2,261	0	0	0
Leo Gillen	Owton Rossmere Community Enterprise	17,796	0	0	0
Peter Hadfield	Cleveland Police Authority	2,500	0	0	0
Ali Wilson	Durham & Tees Community Ventures*	1,042,809	0	23,778	0
Clare Hunter	Tees Esk & Wear Valleys FT				
Peter Race	Cleveland Police Authority				
Neil Nicholson	North East SHA				
Peter Kelly	North East SHA				
Ali Wilson	Stockton on Tees PCT				
Stephen Childs	Stockton on Tees PCT				
Peter Kelly	Stockton on Tees PCT				
Neil Nicholson	Stockton on Tees PCT				
Mike Procter	Stockton on Tees PCT				
Celia Weldon	Stockton on Tees PCT				
Bev Reilly	Stockton on Tees PCT				
Peter Race	Stockton on Tees PCT				
Clare Hunter	Stockton on Tees PCT				
Carol Hodgson	Stockton on Tees PCT				
John Bentley	Stockton on Tees PCT				
Malcolm Walker	Stockton on Tees PCT				
Leo Gillen	Stockton on Tees PCT				
Steve Wallace	Stockton on Tees PCT				
Peter Hadfield	Stockton on Tees PCT				
James Gossow	Stockton on Tees PCT				
Bev Reilly	Middlesbrough PCT				
Peter Kelly	Middlesbrough PCT				
Stephen Childs	Middlesbrough PCT				
Neil Nicholson	Middlesbrough PCT				
Mike Procter	Middlesbrough PCT				
John Bentley	Middlesbrough PCT				
Peter Race	Middlesbrough PCT				
Celia Weldon	Middlesbrough PCT				
Clare Hunter	Middlesbrough PCT				
Carol Hodgson	Middlesbrough PCT				
Malcolm Walker	Middlesbrough PCT				
Leo Gillen	Middlesbrough PCT				
Steve Wallace	Middlesbrough PCT				
Peter Hadfield	Middlesbrough PCT				
James Gossow	Middlesbrough PCT				
John Bentley	Redcar & Cleveland PCT				
Peter Race	Redcar & Cleveland PCT				
Carol Hodgson	Redcar & Cleveland PCT				
Clare Hunter	Redcar & Cleveland PCT				
Bev Reilly	Redcar & Cleveland PCT				
Peter Kelly	Redcar & Cleveland PCT				
Stephen Childs	Redcar & Cleveland PCT				
Neil Nicholson	Redcar & Cleveland PCT				
Mike Procter	Redcar & Cleveland PCT				
Malcolm Walker	Redcar & Cleveland PCT				
Celia Weldon	Redcar & Cleveland PCT				
Leo Gillen	Redcar & Cleveland PCT				
Steve Wallace	Redcar & Cleveland PCT				
James Gossow	Redcar & Cleveland PCT				
Peter Hadfield	Redcar & Cleveland PCT				
		<b>29,094,437</b>	<b>1,470,144</b>	<b>521,461</b>	<b>142,847</b>

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

- North East Strategic Health Authority
- North Tees and Hartlepool NHS Foundation Trust
- Tees, Esk & Wear Valley NHS Foundation Trust
- North East Ambulance Service Foundation Trust
- NHS Business Services Authority

In addition, the PCT has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with Hartlepool Borough Council and are reflected above.

\*2011-12 Figures restated to include Durham & Tees Community Venture LTD

### 38 Losses and special payments

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

	<b>Total Value of Cases £s</b>	<b>Total Number of Cases</b>
Losses - PCT management costs	160	1
<b>Total losses and special payments</b>	<b>160</b>	<b>1</b>

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

	<b>Total Value of Cases £s</b>	<b>Total Number of Cases</b>
Losses - PCT management costs	320	3
<b>Total losses and special payments</b>	<b>320</b>	<b>3</b>

**Losses** in 2012-13 & 2011-12 relate to bad debts written off in year.

### 39 Third party assets

The PCT had no Third Party Assets in 2012/13 (2011/12:nil)

### 40 Cashflows relating to exceptional items

In 2012/13 the PCT had no cash flow relating to exceptional items, (2011/12:nil).

### 41 Events after the end of the reporting period

As a consequence of the Health and Social Care Act 2012, the functions, assets and liabilities of Hartlepool PCT will be transferred on 31st March 2013 to a number of new or existing public / private sector entities significantly, NHS Property Services, Community Health Partnerships, Clinical Commissioning Groups, NHS England and the Local Authorities.

Property assets have transferred to NHS Property Services and other entities 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.



NHS HARTLEPOOL - SALARIES & ALLOWANCES FOR 2012-13

NAME	Title	PCT's	Notes	2012-2013				2011-2012				
				Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Bonus Payments (bands of £5,000)	Benefits in kind (Rounded to nearest £00)	Salary (bands of £5,000)	Other Remuner ation (bands of £5,000)	Bonus Payment s (bands of £5,000)	Benefits in kind (Rounded to nearest £00)	
<b>Board Members</b>												
Chris Willis	Chief Executive	NHS Tees	Role Ceased Nov 2012	25 - 30			0.2	0 - 5			0.6	
Cameron Ward	Acting Chief Executive	NHS Tees	Role Commenced Dec 2012									
Steve Wallace	Chair	NHS Tees		10 - 15			0	0 - 5			0.2	
Peter Hadfield	Non Exec Member / Board Member.	NHS Tees		0 - 5				0 - 5				
Leo Gillen	Non Exec Member / Board Member.	NHS Tees		0 - 5				0 - 5				
Malcolm Walker	Non Exec Member / Board Member.	NHS Tees		0 - 5				0 - 5				
John Bentley	Non Exec Member / Board Member.	NHS Tees		0 - 5				0 - 5				
Carol Hodgson	Non Exec Member / Board Member.	NHS Tees		0 - 5				0 - 5				
Clare Hunter	Non Exec Member / Board Member.	NHS Tees		0 - 5				0 - 5				
Peter Race	Non Exec Member / Board Member.	NHS Tees		0 - 5				0 - 5				
Peter Kelly**	Executive Director of Public Health Director of Finance. Estates, IM&T,	NHS Tees	Role Ceased Aug 12	5 - 10			0	10 - 15		0 - 5	0.1	
Neil Nicholson*	Contracting, Intelligence & Performance	NHS Tees	Role Ceased April 2012	0 - 5			0.1	15 - 20		0 - 5	0.8	
Bev Reilly	Board Nurse	NHS Tees		15 - 20			0.7	10 - 15			0.8	
<b>Directors</b>												
Audrey Pickstock	Acting Director of Finance Director of Commissioning & Systems Development	NHS Tees	Role Commenced April 2012	20 - 25				0.8	n/a		n/a	
Ali Wilson	Director of Corporate Affairs	North of Tees		35 - 40			1.4	30 - 35		0 - 5	0.7	
Celia Weldon	Director of Corporate Affairs	NHS Tees	Left Dec 2012	10 - 15			0.4	15 - 20			0.5	
Jackie White	Acting Director of Corporate Affairs	NHS Tees	Role Commenced Jan 13	0 - 5			0.1	n/a			n/a	
Mike Procter	Director of Strategic Intelligence / Transition	NHS Tees		15 - 20			0.5	15 - 20			0.4	
James Gossow	Medical Director	NHS Tees		20 - 25				15 - 20				
Bolenslaw Posmyk	CCG Chair	North of Tees		40 - 45				60 - 65				
Louise Wallace	Director of Public Health	NHS Hartlepool		80 - 85				2.7	65 - 70		2.9	
Mid point of band of highest paid Snr Mgr's total remuneration for NHS Hartlepool				80 - 85					65 - 70			
Mid point of highest paid Snr Mgr's total remuneration for NHS Hartlepool				£81,480					£80,810			
Median total remuneration for NHS Hartlepool				£5,294					£5,661			
Ratio				15.4					14.3			

**PCT's**

North of Tees = SoTPCT & HPCT

**Notes**

\* Cameron Ward on secondment from NHS North Central London - No cost to NHS Tees

\*\* P Kelly Executive DPH across NHS Tees until 31.8.12, during this time he was also on secondment to NESHA 0.50wte . Total Salary value during this period £48k  
Commenced role at DPH for Stockton WEF 1.9.12

\*\*\* N Nicholson ceased role 16.4.2012, during this time he was also on secondment to NESHA 0.40wte. Total Salary value during this period £4.8k

**Additional Disclosure**

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid senior manager in their organisation and the median remuneration of the organisation's workforce. The mid point of the banded remuneration of the highest paid senior manager in NHS Hartlepool in the financial year 2012-13 was £81k. This was 15.4 times the median remuneration of the workforce.

Increase in Ratio from previous year is mainly due to increase in remuneration of the most highly paid individual.

A majority of the salaries of the highest paid senior managers (eg: CEO, DOF & EDPH) are shared across NHS Tees, and therefore only a portion of these costs are picked up within each entity. The highest paid senior managers reported in this disclosure relate to those staff who work 100% for each entity.

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

**NHS Hartlepool 2012-13 Pension Benefits**

		2012-2013								
Name and Title	PCT's	Real increase in pension at age 60	Lump Sum at age 60 related to real increase in pension	Total accrued pension at age 60 @ 31 March 2013	Lump Sum at age 60 related to accrued pension @ 31 March 2013	Cash Equivalent Transfer Value at 31 March 2013	Cash Equivalent Transfer Value at 31 March 2012	Real increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension	
		(bands of £2,500) £000	(bands of £2,500) £000	(bands of 5000) £000	(bands of £5,000) £000	£000	£000	£000	£	
<b>Board Members</b>										
Christine Willis, Chief Executive	Ceased role Nov 12	Teeswide	(2.5 - 0)	(5 - 2.5)	65 - 70	200 - 205	1,374	1,363	7	n/a
Neil Nicholson, Director of Finance, Estates, IM&T, Contracting Intelligence & Performance.	Ceased role April 12	Teeswide	0 - 2.5	0 - 2.5	25 - 30	85 - 90	620	592	1	n/a
Peter Kelly - Executive Director of Public Health	Ceased role Aug 2012	Teeswide	0 - 2.5	0 - 2.5	15 - 20	50 - 55	315	298	6	n/a
<b>Directors</b>										
Audrey Pickstock, Acting Director of Finance	Commenced April 2012	Teeswide	2.5 - 5	10 - 12.5	25 - 30	85 - 90	453	386	64	n/a
Ali Wilson - Director of Commissioning & Systems Development		North of Tees	0 - 2.5	2.5 - 5	30 - 35	90 - 95	636	595	41	n/a
Celia Weldon , Director of Corporate Affairs	Ceased Role Dec 2012	Teeswide	0 - 2.5	0 - 2.5	20 - 25	60 - 65	403	391	9	n/a
Jackie White , Acting Director of Corporate Affairs	Commenced Jan 2013	Teeswide	0 - 2.5	0 - 2.5	15 - 20	55 - 60	254	237	28	n/a
Beverley Reilly , Board Nurse		Teeswide	0 - 2.5	2.5 - 5	25 - 30	75 - 80	392	369	23	n/a
James Gossow, Senior Medical Director			2.5 - 5	7.5 - 10	25 - 30	80 - 85	387	341	46	n/a
Mike Procter , Director of Strategic Intelligence/Transition		Tees	0 - 2.5	0 - 2.5	15 - 20	50 - 55	320	306	14	n/a
<b>Public Health</b>										
Louise Wallace , Director of Public Health		Hartlepool	0 - 2.5	0 - 2.5	5 - 10.	25 - 30	122	114	8	n/a

		2011-2012								
Name and Title	PCT's	Real increase in pension at age 60	Lump Sum at age 60 related to real increase in pension	Total accrued pension at age 60 @ 31 March 2011	Lump Sum at age 60 related to accrued pension @ 31 March 2011	Cash Equivalent Transfer Value at 31 March 2011	Cash Equivalent Transfer Value at 31 March 2010	Real increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension	
		(bands of £2,500) £000	(bands of £2,500) £000	(bands of 5000) £000	(bands of £5,000) £000	£000	£000	£000	£	
<b>Board Members</b>										
Christine Willis, Chief Executive	Ceased role Nov 12	Teeswide	(2.5 - 0)	(2.5 - 0)	65 - 70	195 - 200	1,295	1,228	6	n/a
Neil Nicholson, Director of Finance, Estates, IM&T, Contracting Intelligence & Performance.	Ceased role April 12	Teeswide	(2.5 - 0)	(5 - 2.5)	25 - 30	80 - 85	562	549	14	n/a
Peter Kelly - Executive Director of Public Health	Ceased role Aug 2012	Teeswide	0 - 2.5	0 - 2.5	15 - 20	45 - 50	283	254	29	n/a
<b>Directors</b>										
Audrey Pickstock, Acting Director of Finance	Commenced April 2012	Teeswide	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ali Wilson - Director of Commissioning & Systems Development		North of Tees	0 - 2.5	0 - 2.5	25 - 30	80 - 85	565	523	43	n/a
Celia Weldon , Director of Corporate Affairs	Ceased Role Dec 2012	Teeswide	0 - 2.5	0 - 2.5	20 - 25	60 - 65	371	329	42	n/a
Jackie White , Acting Director of Corporate Affairs	Commenced Jan 2013	Teeswide	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Beverley Reilly , Board Nurse		Teeswide	2.5 - 5	7.5 - 10	20 - 25	70 - 75	350	253	98	n/a
James Gossow, Senior Medical Director			n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mike Procter , Director of Strategic Intelligence/Transition		Tees	0 - 2.5	0 - 2.5	15 - 20	45 - 50	291	254	37	n/a
<b>Public Health</b>										
Louise Wallace , Director of Public Health		Hartlepool	0 - 2.5	0 - 2.5	5 - 10	25 - 30	108	75	33	n/a

### DECLARATION OF INTERESTS to 1.4.12 – 31.3.13 – HARTLEPOOL PCT

Name	Remuneration	Related Undertakings	Contracts	Houses, Land & Buildings	Shares & Securities	Non-Financial Interests	Election Expenses
	<ul style="list-style-type: none"> <li>• Remuneration received by virtue of being employed or self-employed; the holder of an office; the director of an undertaking; a partner in a firm; and involved in undertaking a trade, profession, vocation or any other work.</li> <li>• Any allowances received in relation to the membership of any organisation.</li> <li>• The name and registered name if different, and nature of any applicable employer, self-employment, business, undertaking or organisation.</li> <li>• The nature and regularity of the work that is remunerated; and,</li> <li>• The name of the directorship and the application of the applicable business.</li> </ul>	<p>A description of a directorship/ Employment that is not itself remunerated, but is of a company or undertaking which is a parent or subsidiary of a company or undertaking which pays remuneration.</p>	<p>A description of the nature and duration, but not the price of, of a contract which is not fully implemented where: goods and services are to be provided to, or works are to be executive for, the developed public body; and, any responsible person has a direct interest, or an indirect interest as a partner, owner or shareholder, director or officer of a business or undertaking, in such goods and services.</p>	<p>Address (sufficient to identify the location) or other description of any rights of ownership or other interests that maybe significant to, of relevance to, or bear upon, the work or operation of the public body.</p>	<p>A description of, but not the value of, securities and shares in a company, undertaking or organisation that may be significant to, of relevance to, or bear upon the work or operation of the developed public body.</p>	<p>A description of such interests as may be significant to, of relevance to, or bear upon, the work or operation of the public body, including holding a position of general control/ management, membership of or office in:</p> <ul style="list-style-type: none"> <li>• Other public bodies or bodies exercising functions of a public nature;</li> <li>• Clubs, societies and organisations;</li> <li>• Trade unions;</li> <li>• Voluntary organisations/ charities and professional association.</li> </ul>	<p>A description of, and statement of, any assistance towards election expenses relating to election to the devolved public body.</p>
John BENTLEY	None	Safe in Tees Valley Ltd – ft employment	None	None	None	Trustee, Cleveland Fire Support Network, registered charity	None

Leo GILLEN	None	None	Owton Rossmere Community Enterprise	None	None	None	None
James GOSSOW	DISC (Charity); NHS Tees; Zetland Medical Practice; The Gable Medical Practice; HMP Kirklevington Grange; TEWV/Roseberry Park Healthcare NECS Senior Clinical Adviser (from 1 June 2012)	GP Services TEWV/ Roseberry Park Health Centre	TEWV/Roseberry Park Healthcare – SLA for GP Services	Nil	Nil	Nil	Nil
Peter HADFIELD	None	Independent member Cleveland Police Authority (until 21.11.12)	Director/Trustee of Stockton Churches Mission to the Homeless Charity – unpaid	None	None	Member of Teesside West Rotary Club. Retired member of GMB Trade Union. Member of Yarm Methodist Church. Aligned to Shadow NHS Hartlepool & Stockton-on-Teess CCG Board	None
Carol HODGSON	None	None	None	None	None	None	None
Clare HUNTER	None	Director, Clare Hunter Ltd – HR Consultancy (not NHS work).  Board of Governors, TEWV (until 31.03.13)	None	None	None	Board of Governors, TEWV. Aligned to Shadow NHS South Tees CCG Board	None
Peter KELLY	None	None	None	None	None	Appointed Trustee, Board of ASH. Visiting Professor, Uni of Teesside	None
Neil NICHOLSON	None	None	None	None	None	None	None
Audrey PICKSTOCK	None	None	None	None	None	None	None
Boleslaw POSMYK	Havelock Grange Practice, Hartlepool Shareholder – Assura Healthcare LLP (Shares & Profits) Shareholder of HCC Properties – Share & Profits	On behalf of NHS H&S CCG	Havelock Grange Practice, Hartlepool GMS Contract with PCT via Assura Hartlepool via Walk In Centre, One Life Hartlepool Brierton Road Surgery Hartlepool via Practice Via Havelock Grange Practice	Shareholder in HCC Properties Ltd, Victoria Road, Hartlepool	None	None	None

			cover to Brierton Lodge, Brierton Lane, Hartlepool via contracts with PCT, Acute Trust				
Peter RACE	Members Allowance	South Tees CCG Lay Member (from 01.10.12)	None	None	None	None	None
Bev REILLY	None	None	None	None	None	Member of the Royal College of Nursing	None
Malcolm WALKER	None	Interim Manager, Hartlepool NDC	None	None	None	Director, Belle Vue Sports Community & Youth Centre, Hartlepool	None
Louise WALLACE	None	None	None	None	None	Unison (Union) Member	None
Steve WALLACE	None	Chairman's Allowance in respect of the NHS Tees Board	None	Home address only	None	None	None
Cameron WARD (from 1 December 2012)	None	None	None	None	None	None	None
Celia WELDON	None	None	Governor, North Shore Health Academy  Director/Trustee of North Shore Health Academy Until 31 August 2012)	None	None	None	None
Jackie WHITE (FROM 28 January 2013)	None	None	None	None	None	None	None
Chris WILLIS (Until 30 November 2012)	None	None	None	None	None	Husband is a director of a small company that produces training software for radiography students – no contractual relationships with NHS Tees	None
Ali WILSON	None	None	None	None	None	Alternate Director, Community Ventures (PCT Rep)	None