Department of Health

NHS

Warwickshire Primary Care Trust

2012-13 Annual Report and Accounts

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Warwickshire Primary Care Trust

2012-13 Annual Report

ANNUAL REPORT

2012-2013

NHS
Warwickshire

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FOREWORD

The NHS Coventry and NHS Warwickshire PCT Board met for the last time on the 20th March 2013 and handed over commissioning responsibilities to the new Clinical Commissioning Groups (CCGs), NHS England's Local Area Team, and local authorities on 1st April 2013.

The directors and staff of this organisation have ensured that a responsive, patient facing organisation has maintained a grip on its responsibilities. I want to commend our staff for continuing to seek to deliver the very best services for patients during this time of unprecedented change.

I wish to thank each of the local authorities for the enthusiasm with which they have embraced their new responsibilities. Both public health departments and their respective local authority colleagues have already recognised the many benefits that will come from putting public health at the heart of local government; a move which means that public health needs can be considered alongside many of the key influencing factors within our society – education, housing and social care. By considering these areas together, I hope our local authorities will be able to make real progress in improving the health and wellbeing of our local population and reducing health inequalities.

The bulk of the PCTs' commissioning responsibilities are being handed over to our CCGs, all of which have recently become authorised as statutory organisations. We have three CCGs in Coventry and Warwickshire: NHS Coventry and Rugby CCG, NHS South Warwickshire CCG, and NHS Warwickshire North CCG.

The governance arrangements we made 12 months ago ensured a robust handover as all the emerging CCGs have been sub-committees of the Arden Cluster Board, with the CCG Chairs attending Board meetings. These arrangements, coupled with the progress the CCGs have made during the authorisation process, mean that I am sure the commissioning of health services for our local population is in safe hands.

Alison Gingell
Chair
Arden Cluster
(NHS Coventry and NHS Warwickshire)

ARDEN CLUSTER

The Arden Cluster consists of Primary Care Trusts NHS Warwickshire and NHS Coventry, and is a management arrangement which brings together the expertise of both organisations to commission health services in Coventry and Warwickshire.

The Cluster came into being on 1st April 2011 as a result of national guidance as Primary Care Trust Clusters have been introduced across the NHS in England.
The cluster was run under the leadership of Stephen Jones as Arden Cluster Chief Executive until January 2013 when Lesley Murphy took on the role. The Cluster operated under a single Executive Team which worked across both Primary Care Trusts. The workforce of the two Primary Care Trusts has also come together with many members of staff having responsibilities across Coventry and Warwickshire.

During 2012/13 NHS Warwickshire and NHS Coventry continued to exist as legal entities with separate accounts. However in November 2011, the two Primary Care Trust Boards came together to form the Arden Cluster Board under the chairmanship of Alison Gingell. The governance of the Cluster was amended accordingly to ensure that both Primary Care Trusts continued to meet their statutory duties.

Profile of the cluster

Name	Arden Cluster
Coverage	Coventry and Warwickshire
Geographical area	2074 km^2
Population	914,008
Budget for 2012-13	£1.49 billion
Staff	Approx 510
Healthcare providers	3 acute hospital trusts, 1 mental health trust, 140 GP practices, 120 dental practices, 104 optometrists, community services. Plus contracts with the private sector.

OUR COUNTY

NHS Warwickshire is the Primary Care Trust (PCT) responsible for 559,106 people in the county of Warwickshire. In 2006, South Warwickshire, North Warwickshire and Rugby Primary Care Trusts merged to form Warwickshire Primary Care Trust – now known as NHS Warwickshire. NHS Warwickshire became part of a management arrangement known as the Arden Cluster with NHS Coventry in April 2011.

Warwickshire is an area of 1,979 km2. Rich in history, prosperous south Warwickshire has been identified in the Regional Spatial Strategy as a key area of economic development. However pockets of deprivation exist in north Warwickshire, especially in Nuneaton and Bedworth. This has produced a life-expectancy gap of nearly three years between the healthiest and least healthy Districts and Boroughs of the county.

The population of Warwickshire is projected to increase to 658,900 by 2035. Across Warwickshire the highest rates of projected population growth are among the age groups 65 and over. The rate of growth at these older ages increases with age, with the eldest age group, those aged 85 and over, projected to increase by over 190% between 2010 and 2035. Each year approximately 6000 babies are born in Warwickshire.

NHS Warwickshire works closely with Warwickshire County Council and with the borough councils of Nuneaton and Bedworth, North Warwickshire, and Rugby, and the district councils of Stratford-on-Avon and Warwick. The PCT commissions health services from University Hospitals Coventry and Warwickshire (UHCW), South Warwickshire NHS Foundation Trust, George Eliot Hospital Trust and Coventry and Warwickshire Partnership Trust. 76 GP practices, 84 dental practices and 68 optometrists provide family services across the county.

Map of Warwickshire

NHS COVENTRY AND RUGBY CLINICAL COMMISSIONING GROUP

NHS Coventry and Rugby Clinical Commissioning Group – Working together to improve our local NHS

Name	NHS Coventry and Rugby Clinical Commissioning Group
Number of practices	77 member practices
Population represented	460,000
Lead GP	Dr Adrian Canale-Parola
Health and Wellbeing Boards	Coventry Health and Wellbeing Board, Warwickshire Health and Wellbeing Board

Background

Coventry and Rugby has a combined population of 460,000 people. From urban Coventry to rural villages in Rugby Borough, the area has a diverse population which includes areas of deprivation, health inequalities and many hard to reach groups. It is the intention of NHS Coventry and Rugby Clinical Commissioning Group (CCG) to work together with patients and partners to improve local health services and outcomes for everyone.

NHS Coventry and Rugby CCG brings together 77 member practices from across Coventry and Rugby, who are using their combined clinical expertise, experience and local knowledge to 'commission', or buy, health services. By working with local councils, voluntary organisations and more importantly local people, the CCG wants to achieve the highest quality healthcare for the population of Coventry and Rugby.

Achievements

The year 2012/13 was a significant year of change, challenge, development and achievement for NHS Coventry and Rugby Clinical Commissioning Group. Previously, three locality groups existed: Inspires CCG and Godiva CCG in Coventry, and Rugby CCG. In July 2012 the three groups came together to form NHS Coventry and Rugby CCG, with the combined expertise and resilience to best serve the people of Coventry and Rugby.

The partnership between Coventry and Rugby GP commissioners also reflected the previous groups' common interest in commissioning services from University Hospitals Coventry and Warwickshire NHS Trust which has hospitals in Coventry and Rugby.

As a newly formed clinical commissioning group, NHS Coventry and Rugby CCG made tremendous progress over the year, forging strong partnerships across the city, county and borough, establishing and strengthening its role as a commissioning organisation, engaging with local people and working towards the goal of authorisation.

The CCG focused its work on five priority areas:

- Primary Care Quality & Safety
- Frail Older People
- Wellbeing in Mental Health
- Acute Hospital Care 24/7
- Healthy Living and Lifestyle Choices

As GPs are in daily contact with the population served by the CCG, they hear first-hand the success stories within the NHS as well as some of the areas which need improvement. The CCG established a strong member engagement programme, which provides a valuable insight from clinical leaders within the local health economy to drive up improvements and shape the future of services for the benefit of local patients.

Another major development was NHS Coventry and Rugby CCG's engagement work with local communities, patients and carers to make sure that it commissions high quality, value for money health services for local people, based on patient experience and local feedback. For authorisation, the CCG submitted evidence about how it involved local people in its commissioning processes and listened and acted upon their feedback and views.

In their final site visit report in December 2012, the authorisation panel praised Coventry and Rugby CCG's strong clinical leadership, commitment to quality and its approach to patient engagement.

On 14 March 2013, NHS England announced that NHS Coventry and Rugby CCG was authorised as part of a fourth wave of Clinical Commissioning Groups nationally.

Vision and values

NHS Coventry and Rugby CCG's primary aim is to 'Work together to improve our local NHS' and the group has established the following vision and values which will underpin its work as it serves the local population.

Vision

- To improve the health and wellbeing of our community.
- To provide the best possible patient experience.
- To ensure choice, value for money and high quality care.

Values

- We will ensure our population receives fair and timely access to a choice of services which are safe, clinically effective and patient centred.
- We will focus on health and wellbeing, preventing ill health and reducing health inequalities.
- Services should be as local as possible.
- Our resources should be used effectively and efficiently by investing in services that deliver quality and best value for money.
- We will be responsive and listen and work with the community, practices and partner organisations.
- We will enable and empower our workforce and members to be the best they can.

Contact details

You can contact the CCG on the below details:

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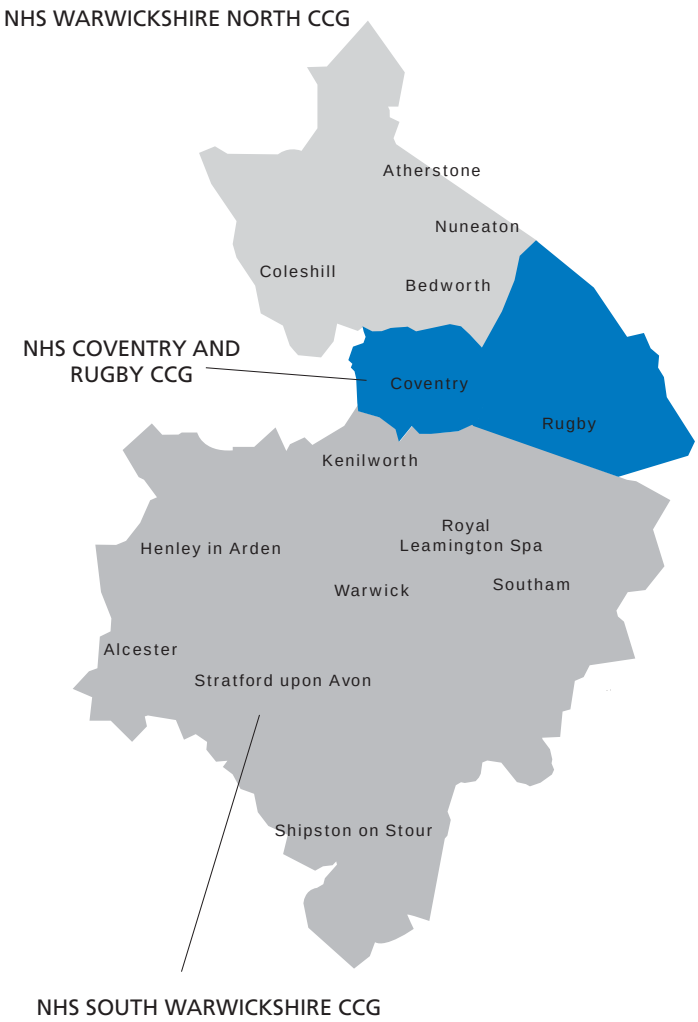
Christchurch House,
Greyfriars Lane, Coventry,
CV1 2GQ

Tel: **024 7655 3344**
Email **contactus@coventryrugbyccg.nhs.uk**



NHS SOUTH WARWICKSHIRE CLINICAL COMMISSIONING GROUP

NHS South Warwickshire Clinical Commissioning Group – Better healtchcare for everyone

Name	NHS South Warwickshire Clinical Commissioning Group
Number of member GP practices:	36
Population represented:	270,000
Chair:	Dr David Spraggett
Accountable Officer:	Gillian Entwistle

Our vision

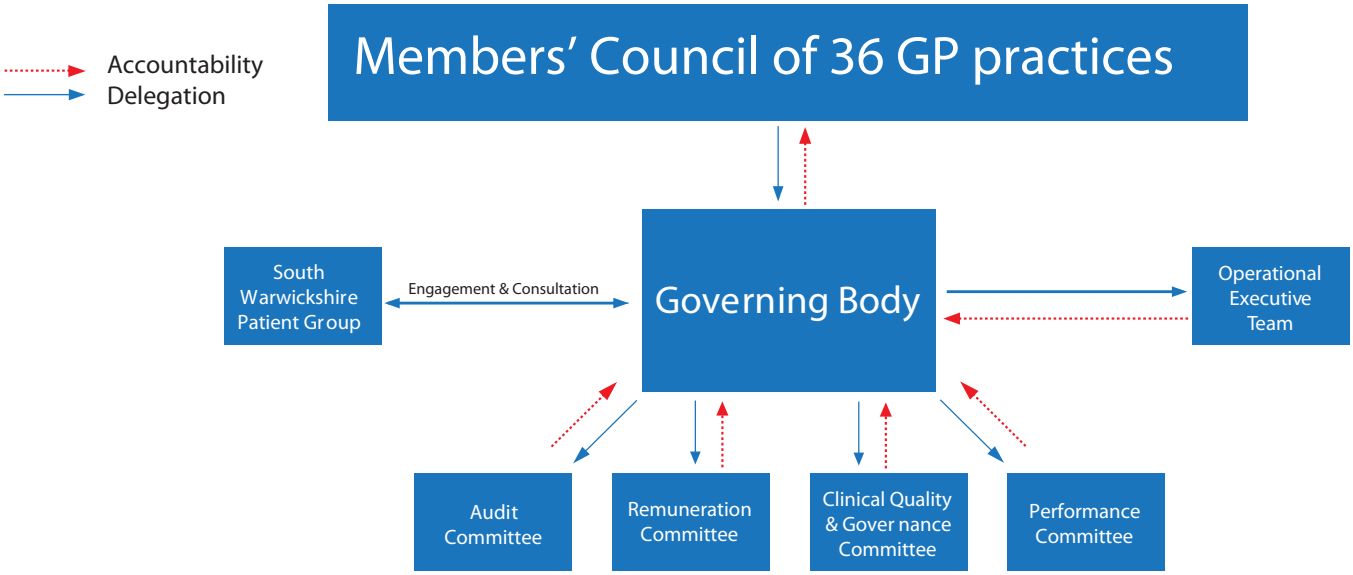
To build relationships with patients and our communities to improve health, transform care, and make the best use of our resources

Our values

- we will ensure that patients are at the heart of what we do and are committed to giving our local community opportunity to work with us to shape services;
- we will listen and act upon feedback for our communities, stakeholders and staff;
- we will support our clinical leaders to develop innovative approaches to the delivery of integrated care closer to home;
- we will empower our members and staff, encouraging personal responsibility and a 'can do' attitude to improving health and wellbeing;
- we will be responsible in how we use public money, ensuring that services we commission deliver best value within available resources;
- we will collaborate with partners and patients to achieve our vision;
- we will act in an equitable manner, ensuring that we treat patients and employees fairly.

Governing Body

Chair
Dr David Spraggett
Assistant Clinical Chair
Dr Richard Lambert
Chief Financial Officer
Paul Jarvis
Lay Member: Governance
Rodney Pitts
Lay Member: Public and Patient Engagement
Charles Goody
Member Practice Representative
Dr Ian Allwood
Member Practice Representative
Dr Tim Coker
Member Practice Representative
Dr Sukhi Dhesi
Member Practice Representative
Dr Adrian Parsons
Governing Body Hospital Doctor
Dr Mark Hunter
Governing Body Nurse
Elaine Strachan-Hall
Co-Opted Social Care Director
Wendy Fabbro
Co-Opted Director of Public Health
Dr John Linnane



How we work with our members

As a membership organisation, our members are absolutely central to what we do. Our 36 GP practice members will be the driving force and the ultimate decision-makers of the CCG. We actively encourage our GPs to flag up issues, ask questions, suggest ideas and tell us what needs to happen to improve the local health system so that the services and care we provide for our patients is better. We have set up a number of ways to get an open dialogue going with our practices including:

- Selecting elected GPs on the Governing Body to work with a group of 'buddy' practices within each geographical area;
- All member practices attend the Members' Council each month. This gives us an opportunity to get all our practices together to discuss issues, give CCG progress updates and, importantly, hear the views of our GPs;
- Peer review visits, which were successfully carried out with each member practice and helped us to identify best practice that has been shared with everyone;
- A CCG newsletter for our GP practices and a newly developed website and intranet that allow us to share good practice and keep everyone up-to-date;
- Encouraging members to lead on certain CCG projects so that each practice is part of delivering the NHS South Warwickshire CCG Integrated Plan 2013-2016.

Our member GP practices are involved in developing our vision and values, agreeing our constitution and agreeing the NHS South Warwickshire CCG Integrated Plan 2013-2016. Their input so far has been of vital importance to make sure we are all moving in the right direction, together.

Patients and local people

From the beginning, public and patient engagement has been one of our main priorities. A South Warwickshire Patient Group was established very early on in the CCG's development so that our patients and members of our local population were involved as we evolved as an organisation. The South Warwickshire Public and Patient Participation Group, as it is now known, includes a representative from almost all of the 36 GP practice Patient Groups in South Warwickshire. The group is chaired by the Governing Body Lay Member for Public and Patient Engagement and brings together the views of patients from a wide area. NHS South Warwickshire CCG was commended in the authorisation process for the work done to engage with our local population.

Our providers

We already have good relationships with our hospitals, mental health trust and community services and we want to continue to develop these. Ensuring that our healthcare providers are providing quality and sustainable services will mean the best outcomes for our patients.

Local authorities

Working with local authorities is absolutely vital to getting the links between health and social care right. We want to see the sharing of resources, buildings and services to make for a more fully integrated system. This is a key priority for us and having the Warwickshire County Council's Strategic Director for the People Group co-opted into the Governing Body will help us make this aspiration a reality. We are keen to work with all of our partners and we have already had very positive discussions with both Warwick and Stratford-upon-Avon District Councils on how we can work together on improving the health and wellbeing of the South Warwickshire population.

Public Health

Working with our public health colleagues allows us to get a robust understanding of the health and care needs of our population and any health inequalities in the area. We are committed to working with public health to make use of the invaluable knowledge they have about the health of the people of South Warwickshire which is why we have a co-opted the Director of Public Health onto our Governing Body.

Warwickshire Health & Wellbeing Board

The Warwickshire Health and Wellbeing Board includes many of our partners. We have been involved with the Board since its inception in 2011 and are looking forward to working with the Board as it develops. We see the Health and Wellbeing Board as the forum for agreeing strategic direction, coordinating work, planning for integrated services and joint commissioning. We'll be sharing our annual reports and commissioning plans with the Board each year for their comment to ensure they are addressing the priorities set out for Warwickshire.

Joint commissioning

Joint commissioning has been developed with partners to bring about the benefits of providing joined-up and well coordinated services to our patients. Two Joint Commissioning Boards have been established; one for Children and one for Adults. These boards bring together the three CCGs and Warwickshire County Council. We are currently agreeing the schedule of work for the forthcoming year with colleagues.

NHS Arden Commissioning support service

We will be working with NHS Arden Commissioning Support to deliver the NHS South Warwickshire CCG Integrated Plan 2013-16 . NHS Arden Commissioning Support is an important partner in the commissioning of healthcare services in south Warwickshire.

360 survey feedback

A 360 degree survey of our stakeholders, commissioned by the NHS Commissioning Board, was a key part of our authorisation process. Our surveyed stakeholders included all 36 GP practices, local authorities, providers and voluntary sector partners. The survey was designed to gauge our levels of engagement in the new partnership environment and how consulted our partners felt. At 94%, we had a high response rate and very positive feedback.

The key message from the results was that we were engaging well with our stakeholders. Almost all stakeholders felt that we've engaged with them and established good working relationships.

The last 12 months

The main challenge facing NHS South Warwickshire CCG in 2012/13 was achieving full authorisation to assume its statutory responsibilities on 1st April 2013. The CCG was pleased to be 'fully authorised with no conditions' by the NHS Commissioning Board on 28th March 2013.

Throughout 2012 we have been building the NHS South Warwickshire CCG Integrated Plan for 2013-16.

Building on the work we have been doing with our patients and member practices, along with the work of the Joint Strategic Needs Assessment (JSNA), we have identified the areas we will be focussing on as part of this three year plan.

South Warwickshire has a high proportion of over 65s and the highest dependency ratio in Warwickshire, meaning that the frail and elderly will be one of our main priorities. We will also be focussing on the services and treatments available for people with long term conditions and helping them to manage their condition to enjoy a better quality of life and maintain independence.

Looking forward

Over the coming months we will focus on implementing the NHS South Warwickshire Integrated Plan 2013-2016 which will provide the emphasis and focus for the services that the CCG will be commissioning. We have developed a number of objectives, all of which have measurable outcomes and will help us to achieve our four strategic aims – to build relationships with patients and our communities; to improve health and reduce health inequalities; to improve the quality of care and transform services and to make the best use of our resources.

To get in touch with NHS South Warwickshire CCG

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NHS South Warwickshire CCG,
Westgate House, Market Street, Warwick, CV34 4DE

NHS WARWICKSHIRE NORTH CLINICAL COMMISSIONING GROUP

NHS Warwickshire North Clinical Commissioning Group – Quality & Equality First

Name	NHS Warwickshire North Clinical Commissioning Group
Number of practices	28
Population represented	184,000
Lead GP	Dr Heather Gorringe

Background

NHS Warwickshire North Clinical Commissioning Group (CCG) was authorised by NHS England to operate as a statutory organisation from the 1st April 2013.

The CCG holds responsibility for commissioning many of the healthcare services for the local population of approximately 184,000 people. The CCG covers the geographical area of North Warwickshire and Nuneaton and Bedworth boroughs.

The CCG involves clinicians, healthcare professionals, patients and the public, to deliver high quality, safe, efficient and cost effective healthcare services for people across North Warwickshire and Nuneaton and Bedworth boroughs.

Achievements so far

During the authorisation process the CCG has been particularly commended for the inclusive approach it took when developing its commissioning intentions for 2013/14 and for the strong relationships it has with key partners such as local authorities. Its plans to build links with some more isolated communities amongst its population were also praised.

The CCG has made a significant amount of progress in determining their direction of travel over the next three years. Much of what has been done is a translation of the Arden Integrated Plan into a language and categorisation that is meaningful for practices, population and partners.

After consulting with the CCG stakeholder network the clinical leaders of the CCG laid out their vision to, "Systematically tackle the pressures within the health and social care system to deliver better outcomes for our people."

To take the vision forward the CCG will seek to commission in a way that reshapes the patient's experience of care pathways from end to end. The model for this drive is:

- Early detection and intervention
- Greater support for self management by patients
- Truly efficient pathways of care

Our mission, vision and values

Mission

- Continuously improving quality of health outcomes and access to services, meeting the needs of our population.
- Involving patients, carers and our population in decisions about their care and the services we commission.
- Providing the best stewardship in the use of our resources.
- Developing our clinicians, our staff and our providers to continuously improve our capability and leadership at all levels.

Vision

The CCG's vision of health and care provision for our local population is to:

Systematically tackle the pressures within the health and social care system to deliver better outcomes for our people. To do this we will seek to commission in a way that reshapes the patients' experience of care pathways from end to end.

Values

- Quality and equality
- Valuing each individual
- Dignity, respect and compassion - for our patients, carers, population and staff
- Working together - improving health and sustainable services
- Improving services for the whole community - wasted resources are wasted opportunities for others

Priorities for 2013-14

The commissioning intentions for 2013/14 build on the programme of work outlined in the Arden Integrated Plan and reflect the emergent strategy for NHS Warwickshire North CCG.

These commissioning intentions are intended to provide our providers and partners with a transparent declaration of the CCG direction of travel and priorities that we will be focusing on in 2013/14.

Facts and figures

The population in North Warwickshire and Nuneaton and Bedworth boroughs is growing.

Nuneaton and Bedworth's population grew at 5.1% since 2001. Projections show a predicted overall increase of 7.9% (North Warwickshire Borough Council) and 12.6% (Nuneaton and Bedworth Borough Council) by 2033.

In North Warwickshire the over 65 population is expected to grow by 60% by 2030 (48% Warwickshire). In Nuneaton and Bedworth the growth is projected at 43%.

Sustainable specialties

During 2012/13, the Arden Cluster initiated a transformational, "Sustainable Specialties" programme across Coventry and Warwickshire, with a particular emphasis on long term conditions, services for the frail elderly and urgent care. This programme was led by the Arden Cluster Medical Director on behalf of the Arden Clinical Senate and Arden Integrated System Board, and involved the introduction of a clinically-led, collaborative improvement methodology across a number of key clinical pathways, working closely with both CCG and provider clinical leads.

The outputs of the Sustainable Specialties Programme have included the development of Cluster-wide:

i. Standards for improving the management of patients with Chronic Obstructive Pulmonary Disorder (COPD) across primary and secondary care - for implementation by CCGs both directly in primary care and through contracts with hospitals.

ii. Standards for Emergency General Surgery, with an agreement to audit outcomes at all three acute Trusts.

iii. Principles of care for the management of Frail Elderly Patients, building on the work of the previous National Clinical Director for Older People.

iv. Priorities for the management of people with dementia and their carers.

v. Strategic Analysis of Activity and Costs across the wider health economy, in order to underpin future strategic service planning. Further work is also due to be completed during 2013/14 with a focus on diabetes.

Whilst the above standards and principles of care have been developed across the Arden Cluster, responsibility for taking these forward rested with the Coventry and Warwickshire CCGs, taking account of local circumstances; as part of the transitional arrangements for the new NHS.

Quality of performance

The Arden Cluster has been working closely with local health and social care providers to deliver improvements in the delivery of care, particularly in the area of patient safety and enhancing quality.

Care Homes

During 2012/13 there has been a focus on enhancing the monitoring and improving the quality of care across the 261 care homes in Coventry and Warwickshire. As part of this initiative, the Cluster and local authorities have worked together to develop a comprehensive monitoring tool, which was launched early in 2013. This will mean variations in quality can be identified so that targeted support can be provided, enabling care homes to deliver improvements in their care. There has also been an investment in a team of specialist nurses to support care homes in making these improvements.

Work continues on the Integrated Care Home Strategy across Coventry and Warwickshire with commitment from both health and local authorities. Standards have been developed for equipment that should be available in care homes and meeting these standards will form part of the contract arrangements in 2013. Work is ongoing to reduce the number of avoidable hospital admissions from care homes where it is safe and appropriate to support the patients in the home and a number of schemes relating to this are being reviewed.

Accident and Emergency

The four hour wait target continues to be a challenge for all three local acute trusts and the target was not achieved by the end of the year. However the Cluster is working closely with the acute trusts to put plans in place to improve performance against this indicator.

Performance figures for 2012-13 (Target is 95%)

George Eliot NHS Trust	95.70%
South Warwickshire Foundation NHS Trust	94.41%
University Hospitals Coventry & Warwickshire NHS Trust	92.8%

West Midlands Quality Review of Long Term Conditions

The West Midlands Quality Review Service (WMQRS) undertook a comprehensive peer review of how well the local health and social care economy provides services for patients with Long term Conditions (LTCs). The review looked in particular at care for patients with chronic obstructive pulmonary disorder (COPD), chronic heart failure, diabetes and those with long term neurological conditions.

The review took place over four days in December 2012 and the informal feedback from the review team on the final day was very positive – particularly in relation to integration of services across health and social care. The recently established services for patients with COPD and heart failure, in which consultants work in the community closely aligned with primary care, were highlighted as areas of good practice.

The final findings from the report will be used to inform further service developments to improve the quality of these services.

Community nursing

During 2012/13 the local district nursing service was restructured to improve communication with GPs and practice nurses and enhance the quality of patient care. District nurses now work as part of an integrated team meeting regularly with GP colleagues to plan and review patient care, support urgent assessments and help to produce more effective discharges from hospital. One of the aims of working this way is to better support patients in their own homes and prevent admissions to hospital where it is safe to do so. Further work within the integrated teams will focus on improving care for patients towards the end of life throughout 2013/14.

Mental Health

One of the key priorities for the Cluster has been to improve the management of dementia care. During 2012/13 there has been a focus on improving early diagnosis and training staff to better support patients on the dementia pathway. Dementia will continue to be a priority over the coming year with ongoing work on early identification but also with an emphasis on supporting carers of patients with dementia.

NHS Midlands and East – 5 ambitions

Zero tolerance of pressure ulcers

Avoidable pressure ulcers are a key indicator of the quality of nursing care and preventing them happening will improve all care for vulnerable patients. For this reason pressure ulcers have been the focus across the whole healthcare economy. Considerable work has been undertaken including staff training, regular monitoring and promotional events to raise awareness and share progress. Local trusts have monitored and reported pressure ulcers using the national Safety Thermometer since April 2012 and data from the National Information Centre shows that there has been a significant reduction in the incidence of new pressure ulcers. Pressure ulcers will continue to be a priority in 2013/14 with challenging targets for further reductions being embedded within contracts.

Making Every Contact Count

Making Every Contact Count is about front line clinicians taking every opportunity to deliver brief advice to patients/service users that encourage and support them to improve health and wellbeing.

We need staff at all levels, from boards to frontline staff, to support this approach and to integrate it into everyday business. With increased pressure on healthcare to improve quality whilst delivering care in an efficient and cost effective way, there is a need to tackle the causes of ill health as well as the symptoms. Treating people without identifying and changing what makes them unwell is costly to the service provider and the service user.

During 2012/13 our acute and community services providers started training their front line staff to ensure they have the skills and confidence to provide brief lifestyle advice and have pilots underway in a number of departments and services. Learning from these pilots will be used to influence the expansion of this initiative in the next year.

Part of the approach is to strengthen relationships with other services that support lifestyle changes to improve communication and referral links.

Although it is difficult to measure the impact so early on, some organisations have reported a significant increase in referrals to 'stop smoking services'. Work will continue into 2013/14 to create an environment where patients receive healthy lifestyles advice as part of standard care.

Improving quality of primary care

For most people the GP and practice nurse are the first point of contact with the NHS and over 90% of all patient contacts in the NHS occur in primary care. Although patient satisfaction with primary care services has traditionally been high there has been local variation in patient experience and quality.

To address these variations the CCG is working with all the member practices to deliver improvements. This involves visiting practices to undertake quality assessments and identify areas for improvement. This year the focus has been on improving the prescribing of antibiotics, improving the management of patients taking the anticoagulant Warfarin and care of patients with diabetes.

In addition to local work to improve quality there are some national changes which impact on primary care. From 2013 all GPs will be subject to revalidation every five years and will need to demonstrate that they are practicing in accordance with agreed standards. A key element of this is an appraisal system. This is in place locally and during 2012/13 100% of GPs were appraised.

In addition from April 2013 all practices will be required to register with the Care Quality Commission (CQC), the independent regulator of health and social services in England. This will ensure that provision of care meets the government's quality and safety standards.

Strengthened partnership between the NHS and local government

Historically there has always been a strong relationship between Coventry and Warwickshire NHS organisations and local authorities. Both sets of organisations recognise the interdependencies and the benefits of working in an integrated way to ensure care is efficient and seamless. During the transition into the new organisations the CCGs have worked closely with local authorities to ensure that this relationship is maintained and built upon. The new Health and Wellbeing Boards provide an opportunity for local dialogue and a focus on joint strategic objectives, whilst there are a number of joint projects being delivered which foster integrated working.

Patient revolution

The purpose of the patient revolution is to improve feedback from, and engagement with, patients and carers and to then use this information to make improvements to care. During 2012/13 local providers of care, both hospitals and community services developed and tested a range of mechanisms for getting patient feedback. The learning from this was then used to drive changes and improvements in how their services are delivered. Over the coming year the aim is to build on this customer services culture and increase the opportunities for patients and carers to give feedback and to ultimately improve patient satisfaction with services. The CCG continues to monitor this through the contacts with providers to ensure that patient experience is improving.

Public Health

No Smoking initiatives

The harmful effects on an unborn baby, cigarettes containing crushed insects, the truth about Shisa and the real dangers of second hand smoke in cars were just some of the topics that were discussed by experts during the Arden Cluster Smokefree Week, 9th-13th January. Each day over the five-day-long campaign, a different expert was interviewed on local radio station, Touch FM, about a specific area of smoking. The experts offered advice and information about quitting and pointed listeners in the right direction for further help and support to quit.

National No Smoking Day, 13th March, was also marked by the Cluster with a series of roadshows held throughout Warwickshire. The theme of No Smoking Day 2012 was 'Take the Leap' and quitters attending the roadshows were photographed 'leaping' over a giant cigarette. The picture was sent to the quitter a week later to remind them of their quit attempt and encourage them to keep going. Hundreds of people in Warwickshire stepped forward on No Smoking Day 2012 and took a huge leap to quit smoking for good.

Sorted! It's all about me

'Sorted! It's all about me' is the follow-up scheme to the hugely successful Books on Prescription scheme, which involves GPs and other health professionals 'prescribing' specially selected self-help books to help people with mild mental health issues such as anxiety, stress and depression.

Books in the 'Sorted! It's all about me' range are aimed at adolescents and deal with common situations and problems that arise in this age group that can affect mental health such as parents separating, the loss of someone close, anger management and self-esteem.

The scheme won the innovation in Public Health award at the West Midlands Public Health Excellence Conference in May 2012.

Feel Well

In November 2012, the Arden Cluster launched a new campaign – Feel Well – which aimed to tell people about the ways they could make simple changes to their lifestyle to keep them, and their families, healthy during winter. A key part of the campaign focussed on informing parents about the importance of how to prevent their children getting ill during the winter period. A range of engagement sessions were held at Children's Centres in Coventry and Warwickshire to give information to parents and guardians about getting children vaccinated, recognising the difference between cold and flu, good hand hygiene and knowing where to get the right treatment for winter bugs.

The campaign was not only aimed at parents and children, but encouraged all members of the public to be responsible for their own health. Tips and advice on eating well, keeping active, having the flu jab and keeping wrapped up in cold weather were available to help everyone stay healthy. Other information was available about preparing for colder weather and how to stock up on foods and medicines sensibly.

Healthy smiles

Young children across Coventry and Warwickshire will be encouraged by 'Captain Smile Bright' in a new dental campaign to make sure they have good oral health and a healthy smile throughout their life. The Arden Cluster launched the oral health campaign, which aimed to build good oral health habits during a child's early years. The campaign included a range of targeted activities such as community outreach and road show events at children centres, shopping centres, community locations and targeted advertising on posters, leaflets, online, social media and an advertising van which will roam around the area. Posters and leaflets featured the campaign mascot - Captain Smile Bright!

OUR PEOPLE

The Arden Cluster as a partnership arrangement between NHS Coventry and NHS Warwickshire employs 510 people in total. Staff are predominantly based in three buildings: Christchurch House and Parkside House in Coventry and Westgate House in Warwick.

Whilst many staff work across both Coventry and Warwickshire are part of the Cluster working approach, each Primary Care Trust remains as an employers in its own right and the breakdown of staff by employer is as follows:

Employer	Headcount
NHS Warwickshire	254
NHS Coventry	256
Total	**510**

Staff involvement

It was accepted early on that the Cluster would need to develop mechanisms for involving staff as we approached a period of phenomenal change. The traditional Joint Negotiation and Consultation Committee was set up quickly but it was recognised that not all staff were represented so a Staff Engagement Forum was also established. This Forum welcomed any member of staff to come along and have their voice heard and recent topics of discussion have included Health & Wellbeing, Staff Survey results and review of the Sickness policy. In addition our weekly Coffee with Directors, a half hour communication slot, was extended to the Coventry site.

Learning & Development

To support staff during the transition the PCT introduced a range of courses under the banner 'Invest in You', providing support in developing career, interview and CV skills and financial planning information.

Equality, Diversity and Human Rights

The Equality, Diversity & Human Rights group, which had sat as a governance group for the Arden Cluster, was dissolved on the 12th September 2012. Thanks were given to James Shera who had chaired the group since the formation of the Cluster.

Work commenced to support the three Clinical Commissioning Groups (CCGs) in the Arden area. All three CCGs were assessed as green for their equality and diversity section, with NHS Coventry and Rugby CCG being singled out for the excellence of its commitment and integration of equality to their work.

With the introduction of the Equality Act 2010 there is not a separate disability policy. Disability is considered and included in all commissioning and HR decision making.

Sickness

This has been a particularly difficult time for staff as the pace of change has been quick and constant and the future uncertain. It is not surprising therefore that stress has played a part in the absence rates. A Cluster-wide Employee Assistance Programme has been introduced which offers a wide range of advice to staff e.g. legal and financial as well as counselling. This is in addition to the Occupational Health Service. The Cluster undertook a Health & Wellbeing survey to understand what support can be offered with health issues like smoking, diet, alcohol etc. A weekly walk has been started to encourage staff to get out and enjoy the fresh air at lunchtime.

Staff sickness

Total Days Lost :	3875
Total Staff Years :	65583
Average working Days Lost :	13.05

Arden Cluster Board

The Board is responsible for managing systems and processes to ensure we carry out our business in an appropriate manner, meeting out statutory duties and managing risks. As part of this, the Board is accountable for internal control and as accountable officer, the Chief Executive is responsible for maintaining a sound system of internal control that supports the achievements of the organisational policies, aims and objectives.

Chairman and Non-Executive Directors

Alison Gingell	Chair
Rodney Pitts	Vice-chairman
Ramesh Farmah	Non-Executive Director
Dave Chater	Non-Executive Director
Janet Smith	Non-Executive Director
Colin Hayfield	Non-Executive Director
Darren Jones	Non-Executive Director
Louise Wallace	Non-Executive Director

Executive Directors

Stephen Jones	Chief Executive
Lesley Murphy	Chief Executive (from Jan 2013)
Gill Entwistle	Director of Finance and Deputy Chief Executive
Brian Hanford	Finance Director (from 2013)
Fay Baillie	Director of Nursing
Sue Doheny	Director of Nursing (from 2013)
Alison Walshe	Director of Commissioning Development
Karen Railton	Director of Performance and Governance
Rachel Pearce	Director of Delivery Systems
Sue Price	Director of Commissioning (from 2013)
David Williams	Director of Operations and Delivery (from 2013)
Martin Lee	Medical Director – Acute Care
Francis Campbell	Medical Director – Primary Care
Jane Moore	Joint Director of Public Health Coventry
John Linnane	Joint Director of Public Health Warwickshire

Clinical Senate

The membership of the Clinical Senate is made up of senior clinicians within Coventry and Warwickshire and includes the Medical Directors and Nurse Directors from all three Coventry and Warwickshire Acute Hospital Trusts and the Coventry and Warwickshire Partnership Trust. Public health Directors from Coventry and Warwickshire are also members, as are the Arden Cluster Medical Directors, Chairs from our three CCGs and Local Council Adult Services Directors.

The role of the Clinical Senate has been to provide clinical advice and act as a critical friend to the development of clinical services across Coventry and Warwickshire. It was also an opportunity to bring together senior clinicians to better understand how services need to be coordinated in order for high quality care to be provided.

Work that was looked at over the last 12 months included Sustainable Specialities and how these were coordinated across acute and community settings; the Frail Elderly Programme to ensure services were coordinated to treat patients in the correct setting and End of Life Care.

Remuneration Committee

The Remuneration Committee is responsible, under its Terms of Reference, for confirming the salaries of the Chief Executive and Directors and considering any of the flexibilities available within these terms and conditions. Under the terms of national pay and conditions, the Remuneration Committee has responsibility for determining whether national pay uplifts and any non-consolidated bonus payments should be paid to the Chief Executive and the Directors.

Alison Gingell	Chairman
Ramesh Farmah	Non Executive Director
Janet Smith	Non Executive Director
Rodney Pitts	Non Executive Director
Stephen Jones	Chief Executive (for posts other than the Chief Executive)

Audit Committee

The Audit Committee ensures that the Arden Cluster is provided with a means of independent and objective review of financial systems, financial information used by the Arden Cluster, systems of internal financial control and assurance, compliance with law, guidance and codes of conduct and corporate governance arrangements.

Rodney Pitts	Chair of Audit Committee and Non Executive Director
Ramesh Farmah	Vice-chairman and Non Executive Director
Dave Chater	Non Executive Director
Colin Hayfield	Non Executive Director

OUR PEOPLE

Declarations of Interest

Mrs A Gingell
- Women at Large Limited Managing Director
- Coventry City Council Councillor

Mr R Farmah
- R Farmah & Co Ltd Director/Chairman
- Allesley Developments Ltd Director
- Coventry Childrens Contact Centre Trustee Treasurer
- Broman Investments Limited Director/Chair

Mr D Chater
- Coventry City Council Elected Member
- Coventry Refugee Centre Trustee
- Willenhall Community Forum Trustee
- Willenhall Advice Centre Director and Chair

Mr. D Jones
- Link Mailing Limited Non Exec Director/Shareholder
- Avalon Productivity Solutions Ltd Non Executive Director
- Coventry & Warks Chamber of Commerce Ltd Non Executive Director
- Knowledge Management and Transfer Ltd Non Executive Chairman/Shareholder
- FOC Energy Ltd Non Executive Director/Shareholder
- Develop Consulting Ltd Director/Shareholder

Janet Smith
- Shakespeare Hospice Trustee
- Partner Stewart Bell appointed as a Non-Executive Director of Coventry and Warwickshire Partnership Trust

Dr Colin Hayfield
- Warwickshire County Council Elected member and portfolio holder for customers, workforce and governance
- North Warwickshire Borough Council Elected member and Leader of Council

Rodney Pitts
- University of Birmingham Member of Court
- Fairways Freehold and Residents Association Limited Chairman

Rachel Pearce
- The Independence Trust Vice Chair

Francis Campbell
- Warwickshire Health Limited Partner

Martin Lee
- National Cancer Intelligence Network (NCIN) Chair of Breast Site Specific Clinical Reference Group
- Academic Health Science Network Interim Board Member
- West Midlands South Comprehensive Local Research Network
- Chair, West Midlands South CLRN

Dr Steve Allen
- Walsgrave Health Centre GP Partner and Coventry & Rugby CCG Member Ongoing
- GP Practice is a Member of Assura Coventry

Dr Tony Feltbower
- Jubilee Healthcare GP Partner and Godiva Consortia Lead

Dr David Spraggett
- Castle Medical Centre GP Partner and NHS South Warwickshire CCG Lead

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

Lesley Murphy
- C2S Management Ltd Director
- ANUME Ltd Director

The following members listed their declarations as nil:

Stephen Jones
Karen Railton
Alison walshe
Gillian Entwistle
Fay Baillie
Dr John Linnane
Jane Moore
Dr Adrian Canale-Parola
Dr Inayat Ullah
Dr Heather Gorringe
Sue Doheny
Sue Price

OUR STANDARDS AND EFFECTIVENESS

Infection control

Infection prevention and control and reduction of healthcare associated infections continues to be a high priority. NHS Warwickshire has designated infection prevention and control nurses who work closely with professionals in provider units, GPs, dentists and care homes; the aim is to ensure that all healthcare providers continue to provide a safe and clean environment for all persons using their services.

Healthcare associated infections including MRSA bacteraemia and Clostridium Difficile Infection (CDI) are closely monitored – all three acute hospitals within Coventry and Warwickshire have had low incidence of these infections. University Hospitals Coventry and Warwickshire, NHS South Warwickshire Foundation Trust and George Eliot Hospital all reported a reduction in Clostridium Difficile cases based on the number of incidents reported in the previous year. In hospitals every incident that is reported is reviewed by clinicians to identify the possible cause and to enable staff to develop action plans. From April 2013 a similar investigation process will be initiated for all community acquired cases. This robust review process will closely monitor cases across the health economy, the aim being to understand cause and reduce infection in all areas of healthcare. Targets for 2013-14 have been set for acute trusts and the newly formed Clinical Commissioning Groups (CCGs) and it is expected that all providers will demonstrate a further reduction in cases of CDI, with a zero tolerance for cases of MRSA bacteraemia.

This year the UK experienced an unprecedented increase in the number of persons diagnosed with Norovirus. This increase reported nationally resulted in an increase of confirmed hospital outbreaks and extensive ward closures in all three secondary care units in Coventry and Warwickshire. Norovirus passes easily from person to person therefore to contain the outbreak and minimise the risk of spread to others ward closure is essential; in addition to high standards of care and environmental cleanliness the restriction of visitors and increased public awareness are key to preventing spread.

The standards of care and environmental cleanliness in care homes have at times been reported to have fallen below an acceptable standard. Infection prevention and control nurses work closely with other professionals and agencies - Care Quality Commission (CQC), Local authorities & the Health Protection Agency to investigate incidents and to monitor standards of care and cleanliness with the aim to improve standards in care homes. Warwickshire County Council and NHS Warwickshire have appointed a specialist team of nurses to work with and support care home staff in meeting the expected standards of care and environmental cleanliness. This collaborative working has been successful and Coventry City Council is considering a similar strategy.

Emergency planning

The Arden Cluster (NHS Coventry and NHS Warwickshire) is an active partner in both NHS and multi agency resilience across Warwickshire and the West Midlands. The Cluster leads on the Local Health Resilience Forum which brings together NHS resilience practitioners and is chaired by Karen Railton, Arden Cluster's Director of Performance and Governance. The cluster also takes a lead role in the establishment of Local Health Resilience Partnerships, which will become the key forum for resilience policy in the medium to long term future.

The key challenge for the cluster over the last year has been the preparations for the abolition of the Primary Care Trusts (PCTs) and the SHAs and the development of the new health structure. Work is underway to ensure that the system will be safe and transition smooth.

A joint Major Incident Plan for both PCTs has now been produced and approved by the Arden Cluster Board. Cluster Directors also now form a rota of staff who can direct the resources of the NHS across our area in response to a major incident.

Serious Untoward Incidents

All Serious Untoward Incidents (SUIs) are fully investigated by an appropriate member of staff using Root Cause Analysis and learning from these incidents is shared across the local health economy.

During 2012/13 there was one corporate SUI for NHS Coventry relating to the premature destruction of inactive healthcare records and one personal data incident NHS Warwickshire, which are detailed in the Annual Governance reports.

Charges for Information

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

Complaints

Complaints and suggestions about NHS Warwickshire as a commissioner of services are welcomed and complaints are viewed as providing a learning opportunity for the organisation and individuals concerned to improve services.

We believe that a consistent and responsive complaints system will lead to improved relations with patients, their relatives and carers and confidence of staff and patients that NHS Warwickshire is committed to reviewing and improving services.

In 2012/2013, NHS Warwickshire received 10 formal complaints, which is a decrease of 8 from last years' 18. There were 12 complaints about the Out of Hours service – a small increase of 1 from the 11 we received last year. 8 other complaints were joint with other NHS organisations, which was an increase of 2 on last years' figure.

The Parliamentary Health Service Ombudsman's six Principles of Remedy form part of NHS Warwickshire's Complaints Policy and the organisation is committed to managing complaints within the spirit of these principles. The six principles are: getting it right; being customer focused; being open and accountable; acting fairly and proportionally; putting things right; seeking continuous improvement.

Complaints about GP and Dental Practices

In 2012/13 there were 442 complaints about GP practices and 100 dental complaints.

SUSTAINABILITY REPORT

The Arden Cluster (NHS Warwickshire and NHS Coventry) has developed a ten year Carbon Management Plan (CMP) to help tackle climate change through reduced and more efficient energy use. The plan proposed a number of schemes including awareness campaigns and building refurbishments. The CMP committed the cluster to an annual 5% reduction of its total carbon footprint year on year until 2015, giving a total reduction of 25%.

How the cluster behaves – as an employer, a purchaser of goods and services, a manager of transport, energy; waste and water, a landholder and a procurer of building work and as an influential neighbour in the community – has both a direct and indirect effect on individual health and the wellbeing of society, the economy and the environment. The Sustainability Strategy focuses on four key areas of sustainable development and identifies actions that contribute to achieving the following aims:

- Sustainable consumption and growth – ensuring we can continue to provide exceptional services into the future, without detriment to future generations by making sure that we use our corporate powers and resources in ways which will benefit rather than damage the social, economic and environmental conditions in which we live.

- Climate change and energy – providing low carbon, resilient healthcare and ensuring that our services and facilities are equipped to deal with changing climates and healthcare demands. Working with our community to promote low carbon living and sustainable travel habits.

- Natural resource protection – ensuring that our activities do not negatively impact on air, water, soil or biological resources and recognising the positive effects of nature upon health.

- Sustainable communities – reducing health and other inequalities and supporting social and community engagement for our patients, staff and visitors. Allowing the community to become an active stakeholder in the healthcare service we provide.

As part of the CMP, we aim to continue to meet nationally set targets to reduce emissions. Organisational awareness levels have improved, and so the CMP focus will now shift to carbon management as part of a wider sustainability programme.

1. Scope of responsibility

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

Warwickshire Primary Care Trust (PCT), known as NHS Warwickshire, has established robust accountability arrangements within the organisation to oversee the system of internal control. The PCT's Risk Management Strategy sets out the responsibilities and accountability arrangements, risk framework and reporting structures and its effectiveness is monitored by the Quality, Safety and Governance Committee, a sub-committee of the Board. The Board Assurance Framework, which sets out the organisation's principal risks and objectives, is a key document for keeping the Board informed of significant risks.

During the year the Boards of NHS Coventry and NHS Warwickshire have continued to work together formally as the Arden Cluster Board and many of the key documents referred to in this Governance Statement are common across the Cluster.

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

2. The governance framework of the organisation

NHS Coventry and NHS Warwickshire Boards have met together formally throughout the financial year following the establishment in November 2011 of the Arden Cluster Board, with co-terminous membership of Chair and Non-Executives. The functions of the Board's main committees are described below.

Audit Committee – reviews governance, risk management and internal control, reports from internal and external audit and fraud and corruption issues. Governance leads for the three Clinical Commissioning Groups (CCGs) across the Cluster have been invited to attend the Audit Committee meetings during the latter part of the financial year.

Finance and Performance Committee – reviews reports on financial monitoring and key performance indicators bi-monthly and reports on capital schemes quarterly. This committee holds the Clinical Commissioning Groups across the Cluster to account for their financial and performance responsibilities including delivery of QIPP schemes.

Quality, Safety and Governance Committee – monitors all aspects of quality and patient safety across primary and secondary care including safeguarding, vulnerable adults, serious case reviews and protection investigations. The committee also reviews IG Toolkit compliance, emergency planning and business continuity issues, health and safety and compliance with equalities legislation. Clinical Governance leads from the three CCGs across the Cluster have attended meetings of this Committee.

Remuneration and Terms of Service Committee – reviews all aspects of remuneration and contractual issues for the Chief Executive and Very Senior managers, redundancy/early retirement proposals for all staff, payments to independent contractors and professional staff merit awards.

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

During the year the Board has met 5 times as the Arden Cluster Board. The Board agenda is structured in such as way as to focus on major items for discussion and decision with standing items covering nursing, medical and clinical quality, risk and board assurance, financial and activity performance and reports from Directors and the Clinical Commissioning Groups.

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

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

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

Each of the Board sub-committees reports formally to the Board highlighting matters which need drawing to the attention of the Board and summarising the work undertaken at meetings. Key issues raised with the Board by the main sub-committees over the year are described below:

Audit Committee	- Detailed discussion on the Annual Accounts, External Audit Letter, Head of Internal Audit Opinion and Statement on Internal Control; - Review of the Strategic Internal Audit Plan for 2012/13; - Results of Audit Committee Self Assessment Checklist; - The Board Assurance Framework for the Cluster and changes throughout the year; - Achievement of Level 2 in the qualitative assessment of Counter Fraud arrangements for 2011/12.
Finance and Performance Committee	- Detailed discussion of the PCT's financial position and performance targets including performance against the national priorities set out in the NHS Operating Framework 2012/13 with action taken; - Progress in developing the System Plan and QIPP Schemes; - Capital programme for 2012/13 and progress within schemes; - Clinical Commissioning Group Assurance process.
Quality, Safety and Governance Committee	- Patient safety issues in provider trusts including actions following Never Events and hospital death rates; - Emergency planning activities including preparation for the Olympics and the Major Incident Plan review; - Primary Care Performers List changes and practice issues; - Individual child and adult safeguarding cases and safeguarding review reports from external bodies; - Quality Accounts of key providers; - Progress in meeting the requirements of the Information Governance Toolkit.

Board members take their responsibilities for corporate governance very seriously and endeavour to maintain high standards of business conduct. Details of all Board members' interests are recorded in the Register of Members Interests (available in the Annual Report) and this practice has been adopted by members of the Clinical Commissioning Group Governing Bodies. Members declare interests in items under discussion at meetings when appropriate and are conscious of their role in upholding and maintaining public confidence in the NHS. During the year Members of the Board reaffirmed their commitment to the Code of Conduct and Accountability and the values of accountability, probity and openness. The Cluster maintains a hospitality register where appropriate declarations are recorded. The Cluster also has guidance for staff on hospitality and sponsorship and receipt of gifts.

The Audit Committee reviews all Single Tender Waivers, losses and compensations and write off of bad debts and systems and processes have previously been subject to Internal Audit scrutiny. The PCT has arrangements in place for the discharge of statutory functions and these are legally compliant with no irregularities highlighted during the year.

3. Risk assessment

The capacity of the PCT to handle risk is achieved through the delegated responsibilities in place as defined in the PCT's Risk Management Strategy.

The Strategy sets out the PCT's approach to risk, the accountability arrangements including the responsibilities of the Board and its sub-committees, directors, specialist leads, contractors and individual employees. It defines the risk management process including risk identification, analysis and evaluation which will be undertaken to ensure delivery of the Strategy and the capacity to handle risk across the PCT.

Appropriate risk management training, information and support is given to all staff as part of induction to enable them to undertake their work safely and regular updates are also provided. Some staff have had additional training in specific areas, for example, risk assessment, root cause analysis, moving and handling, resuscitation, infection control and first aid. The Strategic Risk Register tracks movements on and off the Register, action required to reduce the risk and timescale. Major risks facing the organisation during the year include

- Potential failure to meet national performance targets;
- Potential failure to meet statutory financial duties;
- CCG development and authorisation requirements;
- Under delivery on QIPP schemes.

These specific risks and action are reviewed regularly by appropriate PCT committees.

4. The risk and control framework

The PCT's Risk Management Strategy identifies how risks are identified, evaluated, scored and monitored within the organisation. The PCT has developed a risk scoring matrix which is used for all risks, both clinical and non-clinical, incidents and complaints within the organisation. All extreme risks are included in the PCT's Strategic Risk Register. All lower level risks are included on departmental risk registers and monitored appropriately internally.

The Board Assurance Framework has been updated regularly during the 2012/13 financial year and has been considered by the Audit Committee in December 2012 and March 2013 and debated by the full Board at meetings in July, September and November 2012 and March 2013. The Assurance Framework is the key document for the Board in ensuring that all principal risks are controlled and that there is sufficient evidence to support the Annual Governance Statement.

The Assurance Framework has been aligned with the PCT's priorities for 2012/13 and has been cross referenced with the Strategic Risk Register. Additional information regarding the sources of assurance, risk ratings and links to the Strategic Risk Register has also been included in the Assurance Framework. The Assurance Framework was reviewed during the year by Internal Audit and all recommended improvements have been actioned.

The highest rated risks are documented in the PCT's Strategic Risk Register and these together with the Board Assurance Framework are the processes used to continuously address the issues that might disrupt the delivery of the PCT's business. These documents are reviewed on a regular basis by the Board and where they identify any gaps in either the assurance or the controls members will require that further action needs to be taken by managers to mitigate the risk. The PCT has used both of these documents, together with other control measures, to maintain the PCT's financial stability during the year.

A risk management process is in place to identify and manage information risks. This consists of proactive risk assessments on key information assets, investigation of information related incidents and review of information related complaints. Our standard of information security is continually increasing and the information governance training programme has significantly increased staff awareness and compliance with our policies. It has also increased awareness of the need to report incidents, but these have not highlighted any major weaknesses in our information security standards.

NHS Warwickshire and NHS Coventry have jointly continued their commitment to effective information governance. Significant effort has been made to ensure that safeguards are in place for the protection and appropriate use of personal information.

In conjunction with NHS Coventry, significant effort has been made to ensure that information governance standards are maintained during the transition to new organisation structures and the closedown of the PCT. All data flows have been mapped to ensure appropriate safeguards are in place for the protection and appropriate use of personal information. Information assets have been mapped to new organisations. Appropriate arrangements have been made for the safe and legal transfer of information to new organisations, or to an archive facility under the control of the Department of Health.

All incidents are investigated and reported in accordance with Department of Health guidelines. During 2012/13 there have been no corporate serious incidents for NHS Warwickshire relating to data loss or confidentiality breaches reported to the Information Commissioner.

Summary of other personal data related incidents – 2012-13	
Nature of Incident	Total
Loss/theft of inadequately protected electronic equipment, devices or paper documents from secured NHS premises	0
Loss/theft of inadequately protected electronic equipment, devices or paper documents from outside secured NHS premises	0
Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
Unauthorised disclosure	0
Other (Website configuration error causing misdirection to the wrong Practice)	1

5. Review of effectiveness of Risk Management and Internal Control

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

Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by:

- The work programme of Internal Audit and in particular their opinion on the system of internal control and the Board Assurance Framework. The Head of Internal Audit opinion for 2012/13 is that significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls put the achievement of particular objectives at risk.
- Personal involvement in the Board, Quality, Safety and Governance, Finance and Performance Committees
- Reviews with the Strategic Health Authority on the System Plan and Performance issues.
- The NHS Counter Fraud Specialist's reports to the Audit Committee;
- External reviews of the PCT's main provider organisations.
- External Audit Management Letter
- Internal and External Audit reports
- Information Governance Toolkit assurance
- Serious incident reporting

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, Audit Committee, Quality, Safety and Governance Committee and Finance and Performance Committee.

The Board regularly reviews progress against a number of action plans including the Assurance Framework to ensure that identified actions are implemented in a timely manner. The Audit Committee receives regular reports on the assurance outcomes of assessments undertaken by the PCT's Internal and External Auditors and also monitors the implementation of recommendations from Internal and External Audit action plans.

The PCT's Finance and Performance Committee monitors delivery against operational plans, receiving regular finance and performance reports, investigating variances from plan and agreeing rectification plans. Regular reports regarding clinical and non-clinical incidents, complaints, legal claims and other risks identified are submitted to the Quality, Safety and Governance Committee which monitors progress and related action plans as appropriate. Directors and senior managers of the PCT have specific responsibilities for reviewing the risks and controls for which they are responsible and for maintaining internal control systems.

The PCT received no assurance on an internal audit report relating to Section 256 grant funding and has responded to the recommendations by putting in place performance monitoring arrangements through a joint committee with Warwickshire County Council, thereby addressing the control issues highlighted in the report.

6. Significant Issues

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

7. Conclusion

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

Accountable Officer: Lesley Murphy
Organisation: NHS Warwickshire

REPORT BY DIRECTOR OF FINANCE

NHS Warwickshire is required to meet three statutory financial duties each year and during the period NHS Warwickshire met all of those duties as demonstrated in the table below;

Summary of performance against financial duties:

Financial Duty	Details	Target	Outturn	Comment
Statutory				
Operational Financial Balance	To maintain net revenue expenditure within the revenue resource limit approved by the Department of Health	£867,690,000	£867,478,000	Duty met £212,000 surplus
Capital Resources Limit	To maintain net capital expenditure within the capital resource limit approved by the Department of Health	£6,000,000	£5,227,000	Duty met
Cash Resources Limit	To maintain cash drawings within the cash limit approved by the Department of Health	£871,452	£871,452	Duty met
Non-Statutory				
Better Payment Practice Code	Non NHS suppliers to be paid within 30 days of receipt of goods or a valid invoice (whichever is the later)	100% Value (Number)	95% (95%)	Duty not met

NHS Warwickshire met its financial duties to remain within financial limits during 2012/13. In addition, NHS Warwickshire was required by the Midlands & East Strategic Health Authority (SHA) to deliver a surplus on its revenue resource limit of up to £200,000 (control total). NHS Warwickshire ended the year with a £212,000 surplus and therefore delivered both its statutory duty and the control total.

NHS Warwickshire's financial plan for 2012-13 was approved by the PCT Board on 29 March 2012 and was itself part of the Arden Cluster medium term planning process.

The plan included targeted savings nationally known as QIPP (Quality, Innovation, Productivity and Prevention) program. NHS Warwickshire delivered £15.1m of QIPP savings during the year.

The Summary Financial Statements are a summary of the information in the full accounts and may not contain sufficient information for a full understanding of the PCT's financial position and performance. A copy of the full accounts is available at a nominal cost of £5 to cover copying and postage from:

Statement of Comprehensive Net Expenditure for the year ended 31 March 2013		
	2012-13	**2011-12**
	£000	**£000**
Administration Costs and Programme Expenditure		
Gross employee benefits	14,732	13,842
Other costs	879,065	854,135
Income	(26,792)	(25,328)
Net operating costs before interest	**867,005**	**842,649**
Other (Gains)/Losses	425	129
Finance costs	48	58
Net Operating Costs for the Financial Year	**867,478**	**842,836**
Of which:		
Administration Costs		
Gross employee benefits	9,981	8,806
Other costs	6,510	8,736
Income	(1,542)	(753)
Net administration costs before interest	**14,949**	**16,789**
Other (Gains)/Losses	175	129
Finance costs	0	0
Net administration costs for the financial year	**15,124**	**16,918**
Programme Expenditure		
Gross employee benefits	4,751	5,036
Other costs	872,555	845,399
Income	(25,250)	(24,575)
Net programme expenditure before interest	**852,056**	**825,860**
Other (Gains)/Losses	250	0
Finance costs	48	58
Net programme expenditure for the financial year	**852,354**	**825,918**
Other Comprehensive Net Expenditure	**2012-13**	**2011-12**
	£000	**£000**
Impairments and reversals put to the Revaluation Reserve	871	2,030
Net (gain) on revaluation of property, plant & equipment	(70)	(2,250)
Net (gain) /loss on Assets Held for Sale	(251)	
Total comprehensive net expenditure for the year*	**868,028**	**842,616**

*This is the sum of the rows above plus net operating costs for the financial year

STATEMENT OF CASHFLOWS

Statement of cash flows for the year ended 31 March 2013		
	2012-13	**2011-12**
	£000	**£000**
Cash Flows from Operating Activities		
Net Operating Cost Before Interest	(867,005)	(842,649)
Depreciation and Amortisation	1,594	1,592
Impairments and Reversals	810	(171)
Decrease in Inventories	0	130
Decrease in Trade and Other Receivables	1,165	899
Decrease in Trade and Other Payables	(7,125)	(3,770)
Provisions Utilised	(696)	(1,215)
Increase in Provisions	5,940	2,315
Net Cash Inflow/(Outflow) from Operating Activities	**(865,317)**	**(842,869)**
Cash flows from investing activities		
(Payments) for Property, Plant and Equipment	(6,370)	(2,537)
(Payments) for Intangible Assets	(65)	(150)
Proceeds of disposal of assets held for sale (PPE)	300	971
Net Cash Inflow/(Outflow) from Investing Activities	**(6,135)**	**(1,716)**
Net cash inflow/(outflow) before financing	**(871,452)**	**(844,585)**
Cash flows from financing activities		
Net Parliamentary Funding	871,452	844,585
Net Cash Inflow/(Outflow) from Financing Activities	**871,452**	**844,585**
Net increase/(decrease) in cash and cash equivalents	**0**	**0**
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period	**0**	**0**
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies	**0**	**0**
Cash and Cash Equivalents (and Bank Overdraft) at year end	**0**	**0**

Exit Packages agreed 2012-13						
	2012-13			2011-12		
Exit package cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
	Number	Number	Number	Number	Number	Number
Lees than £10,000	3	0	3	4	0	4
£10,001-£25,000	0	0	0	2	0	2
£25,001-£50,000	2	0	2	2	1	3
£50,001-£100,000	8	0	8	0	0	0
£100,001 - £150,000	0	0	0	1	0	1
£150,001 - £200,000	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0
Total number of exit packages by type	**13**	**0**	**13**	**9**	**1**	**10**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Total resource cost	**658,846**	**0**	**658,846**	**257,000**	**29,000**	**286,000**

This note provides an analysis of Exit Packages agreed during the year. 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.

Audited Remuneration Report

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid director in Warwickshire PCT in the financial year 2012/13 was £75-80k (2011/12, £75-80k). This was 1.53 times (2011/12, 1.59) the median remuneration of the workforce, which was £50-55k (2011/12, £45-50k). In 2012/13, 33 (2011/12, 17) employees received remuneration in excess of the highest paid director. Remuneration ranged from £77k to £139k (2011/12, £76k to £144k). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Off Payroll Engagements

There were no off payroll engagements in place at a cost of over £58,200 per annum as at 31 January 2012.

There were no new off payroll engagements in place for more than six months at a rate of more than £220 a day betweeen the 23 August 2012 and the 31 March 2013.

FINANCIAL POSITION

Statement of financial position at 31 March 2013		
	31 March 2013	**31 March 2012**
	£000	**£000**
Non-current assets:		
Property, plant and equipment	37,774	35,513
Intangible assets	287	375
Total non-current assets	**38,061**	**35,888**
Current assets:		
Trade and other receivables	8,766	9,214
Cash and cash equivalents	0	0
Total current assets	**8,766**	**9,214**
Non-current assets held for sale	100	0
Total current assets	**8866**	**9214**
Total assets	**46,927**	**45,102**
Current liabilities		
Trade and other payables	(40,896)	(47,786)
Provisions	(8,546)	(3,219)
Total current liabilities	**(49442)**	**(51,005)**
Non-current assets plus/less net current assets/liabilities	**(2,515)**	**(5,903)**
Non-current liabilities		
Trade and other payables	(150)	(151)
Provisions	(1776)	(1811)
Total non-current liabilities	**(1,926)**	**(1,962)**
Total Assets Employed:	**(4,441)**	**(7,865)**
Financed by taxpayers' equity:		
General fund	(10,671)	(15,656)
Revaluation reserve	6,230	7,791
Other reserves	0	0
Total taxpayers' equity:	**(4,441)**	**(7,865)**

CHANGES IN TAX PAYERS' EQUITY

Statement of changes in taxpayers' equity for the year ended 31 March 2013

	General fund	Revaluation reserve	Total reserves
	£000	£000	£000
Balance at 1 April 2012	**(15656)**	**7791**	**(7865)**
Changes in taxpayers' equity for 2012-13			
Net operating cost for the year	(867,478)	0	(867,478)
Net gain/(loss) on revaluation of property, plant, equipment	0	70	70
Net gain/(loss) on revaluation of assets held for sale	0	251	251
Impairments and reversals	0	(871)	(871)
Transfers between reserves	1011	(1011)	0
Total recognised income and expense for 2012-13	**(866467)**	**(1561)**	**(868028)**
Net Parliamentary funding	871452	0	871452
Balance at 31 March 2013	**(10671)**	**6230**	**(4441)**
Balance at 1 April 2011	**(17697)**	**7863**	**(9834)**
Changes in taxpayers' equity for 2011-12			
Net operating cost for the year	(842836)	0	(842836)
Net gain/(loss) on revaluation of property, plant, equipment	0	2250	2250
Impairments and reversals	0	(2030)	(2030)
Transfers between reserves	292	(292)	0
Total recognised income and expense for 2011-12	**(842544)**	**(72)**	**(842616)**
Net Parliamentary funding	844585		844585
Balance at 31 March 2012	**(15656)**	**7791**	**(7865)**

SALARY ENTITLEMENT OF SENIOR MANAGERS

			2012-13				2011-12			
Name	**Note**	**Title**	**Salary (bands of £5,000) £000**	**Other remun-eration £000**	**Bonus Payments £000**	**Benefits in kind £000**	**Salary (bands of £5,000) £000**	**Other remun-eration £000**	**Bonus Payments £000**	**Benefits in kind (bands of £100) £000**
S Jones	1	Chief Executive	50-55				65-70			
G Entwistle	2	Director of Finance & Deputy Chief Executive	30-35				55-60	0-5	0-5	
B Hanford	3	Director of Finance	10-15							
K Railton	4	Director of Performance and Governance	45-50			0.1-0.2	35-40			0.0-0.1
A Walshe	5	Director of Commissioning Development	25-30				35-40			
F Baillie	6	Director of Nursing Quality	30-35				40-45			
S Doheney	7	Director of Nursing	10-15							
J Linnane	8	Director of Public Health	55-60		15-20		55-60		15-20	
R Pearce	9	Director of Compliance					10-15	0-5	0-5	0.0-0.1
R Pearce	10	Director of Delivery Systems	55-60			0.3-0.4	50-55	0-5		0.0-0.1
S Roberts	11	Director of Transformation	35-40				35-40			
F Campbell	12	Clinical Executive Chair					5-10			
F Campbell	13	Medical Director	15-20				10-15			
M Lee	14	Medical Director	55-60		5-10		15-20		5-10	
A Gingell	15	PCT Chair	15-20				5-10			
D Durant	16	Associate Non-Executive	0-5				5-10			
J Shera	17	Associate Non-Executive	0-5				5-10			
R Farmah	18	Non Executive Director	10-15				0-5			
D Chater	19	Non Executive Director	0-5				5-10			
D Jones	20	Non Executive Director	0-5				0-5			
J Smith	21	Non Executive Director	0-5				5-10			
R Pitts	22	Non Executive Director	5-10				10-15			
C Hayfield	23	Non Executive Director	0-5				5-10			
L Wallace	24	Non Executive Director	0-5				5-10			
C Bexley	25	Director of Intellegence					10-15	0-5	0-5	
L Mhlanga	26	Director of Primary and Community Care					10-15	0-5	0-5	
P Maubach	27	Director of Strategy and Commissioning					10-15	0-5	0-5	0.0-0.1
M Turner	28	Director of Communica-tion					10-15	0-5		
J Houghton (Freer)	29	Director of Quality and Safety					5-10	0-5	0-5	0.0-0.1
B Stoten	30	PCT Chair					20-25			
R Cadbury	31	Non Executive Director					0-5			
MJS Langman	32	Non Executive Director					0-5			
R Stevens	33	Associate Non-Executive					0			
L Murphy	34	Chief Executive, Arden LAT of NCB	0	0	0	0				

1 S Jones - Joint Director with Coventry PCT until 21st December 12 - Full-time salary 100-105 (50% Recharge from Coventry PCT)
2 G Entwistle - Employed by Warwickshire PCT. Joint Post with Coventry PCT until 13th November 12. Full-time salary 100-105 (50% Recharge to Coventry PCT)
3 B Hanford - Local Area Team Director from 14th November 12 (23% Recharge from Worcestershire PCT)
4 K Railton - Joint post with Coventry PCT - Full-time salary 90-95 (50% Recharge from Coventry PCT)
5 A Walshe - Joint post with Warwickshire PCT until 13th November 12 - Full-time salary 55-60 (50% Recharge from Coventry PCT)
6 F Baillie - Joint post with Warwickshire PCT until 13th November 12 - Full-time salary 60-65 (50% Recharge from Coventry PCT)
7 S Doheney - Local Area Team Director from 14th November (23% Recharge from Worcestershire PCT)
8 J Linnane - Director of Public Health. Full-time salary 150-155. (50% Recharge to Warwickshire County Council)
9 R Pearce - Ceased as Warwickshire PCT Director of Complience 31 May 2011
10 R Pearce - Director of Delivery Systems, Employed by Warwickshire PCT. Joint Post with Coventry PCT. Full-time salary 115-120. (50% Recharge to Coventry PCT)
11 S Roberts - On secondment from Dudley PCT until 30th May 12. Joint post withCoventry PCT - Full-time salary 85-90 until May 12(50% Recharge from Coventry PCT)
12 F Campbell - Ceased as Warwickshire PCT PEC Chairman 31 May 2011
13 F Campbell - Appointed Joint Post of Medical Director with Coventry PCT from 1 June 2011 - Full time Salary 30-35 (50% recharge to Coventry PCT)
14 M Lee - Joint post with Coventry PCT. Full-time salary 110-115. (50% Recharge to Coventry PCT). Bonus payment relates to 'Clinical Excellence Award'.
15 A Gingell - Joint post with Coventry PCT. Full-time salary 35-40
16 D Durant - Associate Non-Executive and Joint post with Coventry PCT . Full-time salary 5-10
17 J Shera - Employed by Warwickshire PCT. Joint Post with Coventry PCT. Full-time salary 5-10
18 R Farmah - Joint post with Coventry PCT. Full-time salary 10-15
19 D Chater - Joint post with Coventry PCT. Full-time salary 5-10
20 D Jones - Joint post with Coventry PCT. Full-time salary 5-10
21 J Smith - Employed by Warwickshire PCT, Joint Post with Coventry PCT. Full-time salary 5-10
22 R Pitts - Employed by Warwickshire PCT, Joint Post with Coventry PCT. Full-time salary 10-15
23 C Hayfield - Employed by Warwickshire PCT, Joint Post with Coventry PCT. Full-time salary 5-10
24 L Wallace - Employed by Warwickshire PCT, Joint Post with Coventry PCT. Full-time salary 0-5 until 31st July 12
25 C Bexley - Director of Intelligence, Ceased as Board Member for Warwickshire PCT 31 May 2011
26 L Mhlanga - Director of Primary and Community Care, Ceased as Board Member for Warwickshire PCT 31 May 2011
27 P Maubach - Director of Strategy and Commissioning, Ceased as Board Member for Warwickshire PCT 15 May 2011
28 M Turner - Director of Communication, Ceased as Board Member for Warwickshire PCT 31 May 2011
29 J Houghton (Freer) - Director of Quality and Safety, Ceased as Board Member for Warwickshire PCT 1 June 2011
30 B Stoten - Ceased as Warwickshire PCT Chair 9 November 2011
31 R Cadbury - Ceased as Non Executive Director at Warwickshire PCT 9 November 2011
32 Prof Langman - Ceased as Non Executive Director at Warwickshire PCT 9 November 2011
33 Cllr R Stevens is co-opted from Warwickshire County Council. No Payments are made either on an individual basis or to the County Council. Ceased as an Associate Non Executive Director at Warwickshire PCT 9 November 2011
34 L Murphy - took up post in January 2013 but no costs were incurred as salary has been paid by another NHS organisation.

PENSIONS

Name & Title	Real increase in pension at age 60 (bands of £2,500)	Real increase in pension lump sum at aged 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2013 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2013 (bands of,5,000)	Cash Equivalent Transfer Value at 31 March 2013	Cash Equivalent Transfer Value at 31 March 2012	Real increase in Cash Equivalent Transfer Value	Employer's contribu-tion to stakehold-er pension
	£000	£000	£000	£000	£000	£000	£000	£000
G Entwistle Director of Finance & Deputy Chief Executive	0-2.5	2.5-5.0	35-40	107	604	536	17	15
R Pearce Director of Delivery Systems	5-7.5	17.5-20	25-30	76	398	282	71	16
F Campbell Medical Director	0-2.5	2.5-5.0	75-80	228	1528	1382	52	5
J Linnane Director of Public Health	0-(2.5)	(2.5)-(5.0)	40-45	126	851	804	3	19

As Non Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non Executive Directors

Cash Equivalent Transfer Values

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

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start ands end of the period. The real increase in Pension, Lump Sum and CETV is calculated from the difference between last years figure (plus pay inflation of 5.2%) and this years figure, adjusted by the date of commencement or leaving where applicable in the current year. The CETV figure is further adjusted down to 70% of the calculated difference to represent the employers contribution. disclosed.

Better Payment Practice Code

	2012-13 Number	2012-13 £000	2011-12 Number	2011-12 £000
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	32,651	113,517	33,436	111,870
Total Non-NHS Trade Invoices Paid Within Target	31,012	108,330	30,623	99,777
Percentage of NHS Trade Invoices Paid Within Target	94.98%	95.43%	91.59%	89.19%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	5,483	585,237	4,886	582,334
Total NHS Trade Invoices Paid Within Target	5,036	583,073	4,315	576,994
Percentage of NHS Trade Invoices Paid Within Target	91.85%	99.63%	88.31%	99.08%

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.

PCT Running Costs

	Total	Commissioning Services	Public Health
PCT Running Costs 2012-13			
Running costs (£000s)	15,243	14,685	558
Weighted population (number in units)*	495,034	495,034	495,034
Running costs per head of population (£ per head)	31	30	1
PCT Running Costs 2011-12			
Running costs (£000s)	16,986	16,405	581
Weighted population (number in units)	495,034	495,034	495,034
Running costs per head of population (£ per head)	34	33	1

* 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.

Statment on External Audit

The PCT's external auditor is Grant Thornton.
The cost of the work performed by the auditor in respect of the reporting period was £118,927 + VAT.

AUDITORS REPORT

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

We have examined the summary financial statement for the year ended 31 March 2013 which comprises: Summary of Performance against financial duties, Statement of Comprehensive Net Expenditure for the year ended 31 March 2013, Statement of Financial Position as at 31 March 2013, Statement of Cash Flows for the year ended 31 March 2013, Changes in Taxpayers' Equity, Better Payment Practice Code, Exit Packages 2012/13, PCT Running Costs and Operational Financial Balance.

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

Respective responsibilities of accountable officer and auditor

The accountable officer is responsible for preparing the Annual Report.
Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual Report with the statutory financial statements.
We also read the other information contained in the Annual Report and consider the implications for our report if we become aware of any misstatements or material inconsistencies with the summary financial statement.
We conducted our work in accordance with Bulletin 2008/03 "The auditor's statement on the summary financial statement in the United Kingdom" issued by the Auditing Practices Board. Our report on the statutory financial statements describes the basis of our opinion on those financial statements.
Opinion
In our opinion the summary financial statement is consistent with the statutory financial statements of the Warwickshire PCT for the year ended 31 March 2013.

Grant Thornton UK LLP

Colmore Plaza
20 Colmore Circus
BIRMINGHAM
West Midlands
B4 6AT

6 June 2013

The information in this publication is available in a range of languages and alternate formats such as large print. Please use the contact details on the back of this report to request a copy.

এই প্রকাশনার তথ্যাবলী বিভিন্ন ভাষায় ও ফরম্যাটে (যেমন বড় ফন্টে মুদ্রিত) পাওয়া যাবে। অনুগ্রহ করে আপনার কপির জন্য উপরের ঠিকানায় যোগাযোগ করুন। (Bengali)

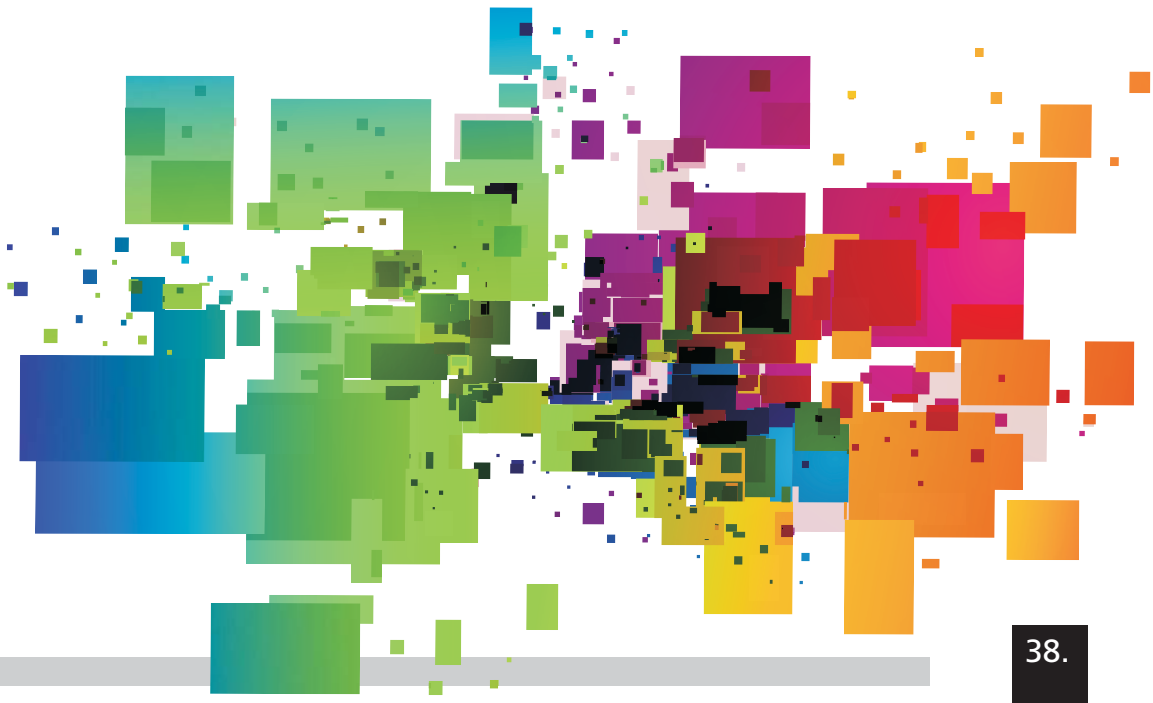
આ પ્રકાશનમાં રહેલી માહિતી વિવિધ ભાષાઓમાં અને બીજા સ્વરૂપોમાં પણ ઉપલબ્ધ છે, જેમ કે મોટા અક્ષરોમાં. (Gujarati)
તેની નકલ મેળવવા માટે ઉપરની વિગતે સંપર્ક કરવા કૃપા કરશો

Informacje zawarte w tej publikacji są dostępne w innych językach oraz w różnym wydaniu, np. dużym drukiem. Aby otrzymać żądany egzemplarz prosimy o kontakt- dane jak powyżej. (Polish)

ਇਸ ਪ੍ਰਕਾਸ਼ਨ (ਪਬਲੀਕੇਸ਼ਨ) ਦਾਖਲ ਜਾਣਕਾਰੀ ਕਈ ਭਾਸ਼ਾਵਾਂ ਅਤੇ ਹੋਰ ਰੂਪਾਂ ਜਿਵੇਂ ਕਿ ਵੱਡੇ ਅੱਖਰਾਂ (ਪ੍ਰਿੰਟ) ਵਿੱਚ ਉਪਲੱਬਧ ਹੈ। (Punjabi)

ਇਸ ਦੀ ਕਾਪੀ ਲੈਣ ਲਈ ਕਿਰਪਾ ਕਰਕੇ ਉੱਪਰ ਦਾਖਲ ਵੇਰਵੇ ਤੇ ਸੰਪਰਕ ਕਰੋ।

یہ شائع کی گئی معلومات کئی دوسری زبانوں اور دوسری اشکال یعنی بڑے حروف میں بھی دستیاب ہیں۔اس کی کاپی منگوانے کے لیے برائے مہربانی اوپر دیے ہوئے پتے پر رابطہ کریں۔ (Urdu)



ANNUAL REPORT
2012-2013

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Department of Health

NHS

Warwickshire Primary Care Trust

2012-13 Accounts

Published to gov.uk, in PDF format only.

www.gov.uk/dh

Warwickshire Primary Care Trust

2012-13 Accounts

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: Lesley Murphy

Date 4.6.13

2012-13 Annual Accounts of Warwickshire 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.

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

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

ANNUAL GOVERNANCE STATEMENT 2012/13

NHS WARWICKSHIRE – ORGANISATION CODE 5PM

1. Scope of responsibility

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

Warwickshire Primary Care Trust (PCT), known as NHS Warwickshire, has established robust accountability arrangements within the organisation to oversee the system of internal control. The PCT's Risk Management Strategy sets out the responsibilities and accountability arrangements, risk framework and reporting structures and its effectiveness is monitored by the Quality, Safety and Governance Committee, a sub-committee of the Board. The Board Assurance Framework, which sets out the organisation's principal risks and objectives, is a key document for keeping the Board informed of significant risks.

During the year the Boards of NHS Coventry and NHS Warwickshire have continued to work together formally as the Arden Cluster Board and many of the key documents referred to in this Governance Statement are common across the Cluster.

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

2. The governance framework of the organisation

NHS Coventry and NHS Warwickshire Boards have met together formally throughout the financial year following the establishment in November 2011 of the Arden Cluster Board, with co-terminous membership of Chair and Non-Executives. A chart depicting the Board and committee structure is attached as Annex 1 and the functions of the Board's main committees are described below.

Audit Committee – reviews governance, risk management and internal control, reports from internal and external audit and fraud and corruption issues. Governance leads for the three Clinical Commissioning Groups (CCGs) across the Cluster have been invited to attend the Audit Committee meetings during the latter part of the financial year.

Finance and Performance Committee – reviews reports on financial monitoring and key performance indicators bi-monthly and reports on capital schemes quarterly. This committee holds the Clinical Commissioning Groups across the Cluster to account for their financial and performance responsibilities including delivery of QIPP schemes.

Quality, Safety and Governance Committee – monitors all aspects of quality and patient safety across primary and secondary care including safeguarding, vulnerable adults, serious case reviews and protection investigations. The committee also reviews IG Toolkit compliance, emergency planning and business continuity issues, health and safety and compliance with equalities legislation. Clinical Governance leads from the three CCGs across the Cluster have attended meetings of this Committee.

Remuneration and Terms of Service Committee – reviews all aspects of remuneration and contractual issues for the Chief Executive and Very Senior managers, redundancy/early retirement proposals for all staff, payments to independent contractors and professional staff merit awards.

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

During the year the Board has met 5 times as the Arden Cluster Board. Attendance of Board members is shown in the table in Annex 2. The Board agenda is structured in such as way as to focus on major items for discussion and decision with standing items covering nursing, medical and clinical quality, risk and board assurance, financial and activity performance and reports from Directors and the Clinical Commissioning Groups.

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

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

In line with the Department of Health requirements, the Director of Finance, who is also the NHS Commissioning Board Area Team Director of Finance, has made arrangements for the preparation and audit of the PCT's accounts

following the closedown on 31 March 2013. These include securing the agreement of appropriate non executive members of the Board to serve on an Audit Committee and arranging for the Arden and Worcester Commissioning Support Service to undertake the financial closedown and final accounts preparation.

Each of the Board sub-committees reports formally to the Board highlighting matters which need drawing to the attention of the Board and summarising the work undertaken at meetings. Key issues raised with the Board by the main sub-committees over the year are described below:

Audit Committee	- Detailed discussion on the Annual Accounts, External Audit Letter, Head of Internal Audit Opinion and Statement on Internal Control; - Review of the Strategic Internal Audit Plan for 2012/13; - Results of Audit Committee Self Assessment Checklist; - The Board Assurance Framework for the Cluster and changes throughout the year; - Achievement of Level 2 in the qualitative assessment of Counter Fraud arrangements for 2011/12.
Finance and Performance Committee	- Detailed discussion of the PCT's financial position and performance targets with action taken; - Progress in developing the System Plan and QIPP Schemes; - Capital programme for 2012/13 and progress within schemes; - Clinical Commissioning Group Assurance process.
Quality, Safety and Governance Committee	- Patient safety issues in provider trusts including actions following Never Events and hospital death rates; - Emergency planning activities including preparation for the Olympics and the Major Incident Plan review; - Primary Care Performers List changes and practice issues; - Individual child and adult safeguarding cases and safeguarding review reports from external bodies; - Quality Accounts of key providers; - Progress in meeting the requirements of the Information Governance Toolkit.

Board members take their responsibilities for corporate governance very seriously and endeavour to maintain high standards of business conduct. Details of all Board members' interests are recorded in the Register of Members Interests (available in the Annual Report) and this practice has been adopted by members of the Clinical Commissioning Group Governing Bodies.

Members declare interests in items under discussion at meetings when appropriate and are conscious of their role in upholding and maintaining public confidence in the NHS. During the year Members of the Board reaffirmed their commitment to the Code of Conduct and Accountability and the values of accountability, probity and openness.

The Cluster maintains a hospitality register where appropriate declarations are recorded. The Cluster also has guidance for staff on hospitality and sponsorship and receipt of gifts.

The Audit Committee reviews all Single Tender Waivers, losses and compensations and write off of bad debts and systems and processes have previously been subject to Internal Audit scrutiny.

3. Risk assessment

The capacity of the PCT to handle risk is achieved through the delegated responsibilities in place as defined in the PCT's Risk Management Strategy.

The Strategy sets out the PCT's approach to risk, the accountability arrangements including the responsibilities of the Board and its sub-committees, directors, specialist leads, contractors and individual employees. It defines the risk management process including risk identification, analysis and evaluation which will be undertaken to ensure delivery of the Strategy and the capacity to handle risk across the PCT.

Appropriate risk management training, information and support is given to all staff as part of induction to enable them to undertake their work safely and regular updates are also provided. Some staff have additional training in specific areas, for example, risk assessment, root cause analysis, moving and handling, resuscitation, infection control and first aid. A copy of the current strategic risk register (as at March 2013) is attached at Annex 3.

The Strategic Risk Register tracks movements on and off the Register, action required to reduce the risk and timescale. Major risks facing the organisation during the year include

- Potential failure to meet national performance targets;
- Potential failure to meet statutory financial duties;
- CCG development and authorisation requirements;
- Under delivery on QIPP schemes.

These specific risks and action are reviewed regularly by appropriate PCT committees.

4. The risk and control framework

The PCT's Risk Management Strategy identifies how risks are identified, evaluated, scored and monitored within the organisation. The PCT has developed a risk scoring matrix which is used for all risks, both clinical and non-clinical, incidents and complaints within the organisation. All extreme

risks are included in the PCT's Strategic Risk Register. All lower level risks are included on departmental risk registers and monitored appropriately internally.

The Board Assurance Framework has been updated regularly during the 2012/13 financial year and has been considered by the Audit Committee in December 2012 and March 2013 and debated by the full Board at meetings in July, September and November 2012 and March 2013. The Assurance Framework is the key document for the Board in ensuring that all principal risks are controlled and that there is sufficient evidence to support the Annual Governance Statement.

The Assurance Framework has been aligned with the PCT's priorities for 2012/13 and has been cross referenced with the Strategic Risk Register. Additional information regarding the sources of assurance, risk ratings and links to the Strategic Risk Register has also been included in the Assurance Framework. The Assurance Framework was reviewed during the year by Internal Audit and all recommended improvements have been actioned.

The highest rated risks are documented in the PCT's Strategic Risk Register and these together with the Board Assurance Framework are the processes used to continuously address the issues that might disrupt the delivery of the PCT's business. These documents are reviewed on a regular basis by the Board and where they identify any gaps in either the assurance or the controls members will require that further action needs to be taken by managers to mitigate the risk. The PCT has used both of these documents, together with other control measures, to maintain the PCT's financial stability during the year.

A risk management process is in place to identify and manage information risks. This consists of proactive risk assessments on key information assets, investigation of information related incidents and review of information related complaints. Our standard of information security is continually increasing and the information governance training programme has significantly increased staff awareness and compliance with our policies. It has also increased awareness of the need to report incidents, but these have not highlighted any major weaknesses in our information security standards.

NHS Warwickshire and NHS Coventry have jointly continued their commitment to effective information governance. Significant effort has been made to ensure that safeguards are in place for the protection and appropriate use of personal information.

In conjunction with NHS Coventry, significant effort has been made to ensure that information governance standards are maintained during the transition to new organisation structures and the closedown of the PCT. All data flows have been mapped to ensure appropriate safeguards are in place for the protection and appropriate use of personal information. Information assets have been mapped to new organisations. Appropriate arrangements have been made for the safe and legal transfer of information to new organisations, or to an archive facility under the control of the Department of Health.

All incidents are investigated and reported in accordance with Department of Health guidelines. During 2012/13 there have been no corporate serious incidents for NHS Warwickshire relating to data loss or confidentiality breaches reported to the Information Commissioner.

Summary of other personal data related incidents – 2012-13	
Nature of Incident	**Total**
Loss/theft of inadequately protected electronic equipment, devices or paper documents from secured NHS premises	0
Loss/theft of inadequately protected electronic equipment, devices or paper documents from outside secured NHS premises	0
Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
Unauthorised disclosure	0
Other (Website configuration error causing misdirection to the wrong Practice)	1

5. Review of effectiveness of Risk Management and Internal Control

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

Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by:

- The work programme of Internal Audit and in particular their opinion on the system of internal control and the Board Assurance Framework. **The Head of Internal Audit opinion for 2012/13 is that significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently.** However, some weakness in the design and/or inconsistent application of controls put the achievement of particular objectives at risk.
- Personal involvement in the Board, Quality, Safety and Governance, Finance and Performance Committees
- Reviews with the Strategic Health Authority on the System Plan and Performance issues.
- The NHS Counter Fraud Specialist's reports to the Audit Committee;
- External reviews of the PCT's main provider organisations.
- External Audit Management Letter
- Internal and External Audit reports
- Information Governance Toolkit assurance
- Serious incident reporting

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, Audit Committee, Quality, Safety and Governance Committee and Finance and Performance Committee.

The Board regularly reviews progress against a number of action plans including the Assurance Framework to ensure that identified actions are implemented in a timely manner. The Audit Committee receives regular reports on the assurance outcomes of assessments undertaken by the PCT's Internal and External Auditors and also monitors the implementation of recommendations from Internal and External Audit action plans.

The PCT's Finance and Performance Committee monitors delivery against operational plans, receiving regular finance and performance reports, investigating variances from plan and agreeing rectification plans. Regular reports regarding clinical and non-clinical incidents, complaints, legal claims and other risks identified are submitted to the Quality, Safety and Governance Committee which monitors progress and related action plans as appropriate. Directors and senior managers of the PCT have specific responsibilities for reviewing the risks and controls for which they are responsible and for maintaining internal control systems.

The PCT received no assurance on an internal audit report relating to Section 256 grant funding and has responded to the recommendations by putting in place performance monitoring arrangements through a joint committee with Warwickshire County Council, thereby addressing the control issues highlighted in the report.

6. Significant Issues

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

7. Conclusion

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

Accountable Officer: Lesley Murphy

.....

Organisation: NHS Warwickshire

Signed ..... **Date** 4.6.13

INDEPENDENT AUDITOR'S REPORT TO THE ACCOUNTABLE OFFICER OF WARWICKSHIRE PCT

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

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

- the table of salaries and allowances of senior managers and related narrative notes on pages 33 and 34;
- the table of pension benefits of senior managers and related narrative notes on page 35; and
- the pay multiples note on page 30.

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

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

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters

In our opinion:

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

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

Other matters on which we are required to conclude

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

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

· our review of the annual governance statement;

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

· our locally determined risk-based work on the transition to successor bodies.

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

Certificate

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

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

Colmore Plaza
20 Colmore Circus
BIRMINGHAM
West Midlands
B4 6AT

6 June 2013

Statement of Comprehensive Net Expenditure for year ended 31 March 2013

	NOTE	2012-13 £000	2011-12 £000
Administration Costs and Programme Expenditure			
Gross employee benefits	7.1	**14,732**	13,842
Other costs	5.1	**879,065**	854,135
Income	4	**(26,792)**	(25,328)
Net operating costs before interest		**867,005**	842,649
Other (Gains)/Losses	10	**425**	129
Finance costs	11	**48**	58
Net Operating Costs for the Financial Year		**867,478**	842,836
Of which:			
Administration Costs			
Gross employee benefits	7.1	**9,981**	8,806
Other costs	5.1	**6,510**	8,736
Income	4	**(1,542)**	(753)
Net administration costs before interest		**14,949**	**16,789**
Other (Gains)/Losses	10	**175**	129
Finance costs	11	**0**	0
Net administration costs for the financial year		**15,124**	**16,918**
Programme Expenditure			
Gross employee benefits	7.1	**4,751**	5,036
Other costs	5.1	**872,555**	845,399
Income	4	**(25,250)**	(24,575)
Net programme expenditure before interest		**852,056**	**825,860**
Other (Gains)/Losses	10	**250**	0
Finance costs	11	**48**	58
Net programme expenditure for the financial year		**852,354**	**825,918**

Other Comprehensive Net Expenditure	2012-13 £000	2011-12 £000
Impairments and reversals put to the Revaluation Reserve	**871**	2,030
Net (gain) on revaluation of property, plant & equipment	**(70)**	(2,250)
Net (gain) /loss on Assets Held for Sale	**(251)**	
Total comprehensive net expenditure for the year*	**868,028**	**842,616**

*This is the sum of the rows above plus net operating costs for the financial year.

The notes on pages 5 to 36 form part of this account.

Statement of Financial Position at 31 March 2013

	NOTE	31 March 2013 £000	31 March 2012 £000
Non-current assets:			
Property, plant and equipment	12	**37,774**	35,513
Intangible assets	13	**287**	375
Total non-current assets		**38,061**	35,888
Current assets:			
Trade and other receivables	19	**8,766**	9,214
Cash and cash equivalents	23	**0**	0
Total current assets		**8,766**	9,214
Non-current assets held for sale	24	**100**	0
Total current assets		**8,866**	9,214
Total assets		**46,927**	45,102
Current liabilities			
Trade and other payables	25	**(40,896)**	(47,786)
Provisions	32	**(8,546)**	(3,219)
Total current liabilities		**(49,442)**	(51,005)
Non-current assets plus/less net current assets/liabilities		**(2,515)**	(5,903)
Non-current liabilities			
Trade and other payables	25	(150)	(151)
Provisions	32	(1,776)	(1,811)
Total non-current liabilities		**(1,926)**	(1,962)
Total Assets Employed:		**(4,441)**	(7,865)
Financed by taxpayers' equity:			
General fund		(10,671)	(15,656)
Revaluation reserve		6,230	7,791
Other reserves		0	0
Total taxpayers' equity:		**(4,441)**	(7,865)

The notes on pages 5 to 37 form part of this account.

The financial statements on pages *1 to 36* were approved by the Board on 3 June 2013 and signed on its behalf by

Chief Executive: Date: 4.6.13

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

	General fund	Revaluation reserve	Total reserves
	£000	£000	£000
Balance at 1 April 2012	**(15,656)**	**7,791**	**(7,865)**
Changes in taxpayers' equity for 2012-13			
Net operating cost for the year	(867,478)		**(867,478)**
Net gain on revaluation of property, plant, equipment		70	**70**
Net gain on revaluation of assets held for sale		251	**251**
Impairments and reversals		(871)	**(871)**
Transfers between reserves	1,011	(1,011)	**0**
Total recognised income and expense for 2012-13	**(866,467)**	**(1,561)**	**(868,028)**
Net Parliamentary funding	871,452		**871,452**
Balance at 31 March 2013	**(10,671)**	**6,230**	**(4,441)**
Balance at 1 April 2011	**(17,697)**	**7863**	**(9,834)**
Changes in taxpayers' equity for 2011-12			
Net operating cost for the year	(842,836)		(842,836)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment		2,250	2,250
Impairments and Reversals		(2,030)	(2,030)
Transfers between reserves	292	(292)	0
Total recognised income and expense for 2011-12	(842,544)	(72)	(842,616)
Net Parliamentary funding	844,585		844,585
Balance at 31 March 2012	**(15,656)**	**7,791**	**(7,865)**

Statement of cash flows for the year ended 31 March 2013

	NOTE	2012-13 £000	2011-12 £000
Cash Flows from Operating Activities			
Net Operating Cost Before Interest		**(867,005)**	(842,649)
Depreciation and Amortisation		**1,594**	1,592
Impairments and Reversals		**810**	(171)
(Increase)/Decrease in Inventories		**0**	130
(Increase)/Decrease in Trade and Other Receivables		**1,165**	899
Increase/(Decrease) in Trade and Other Payables		**(7,125)**	(3,770)
Provisions Utilised		**(696)**	(1,215)
Increase/(Decrease) in Provisions		**5,940**	2,315
Net Cash Inflow/(Outflow) from Operating Activities		**(865,317)**	**(842,869)**
Cash flows from investing activities			
(Payments) for Property, Plant and Equipment		**(6,370)**	(2,537)
(Payments) for Intangible Assets		**(65)**	(150)
Proceeds of disposal of assets held for sale (PPE)		**300**	971
Net Cash Inflow/(Outflow) from Investing Activities		**(6,135)**	**(1,716)**
Net cash inflow/(outflow) before financing		**(871,452)**	**(844,585)**
Cash flows from financing activities			
Net Parliamentary Funding		**871,452**	844,585
Net Cash Inflow/(Outflow) from Financing Activities		**871,452**	**844,585**
Net increase/(decrease) in cash and cash equivalents		**0**	**0**
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		**0**	**0**
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies		**0**	0
Cash and Cash Equivalents (and Bank Overdraft) at year end		**0**	**0**

1. Accounting policies

Under the provisions of The Health and Social Care Act 2012 (Commencement No 4 Transitional, Savings and Transitory Provisions) Order 2013, Warwickshire PCT was dissolved on1 April 2013. The PCT's functions, assets and liabilities transferred to other public sector entities as outlined in note 1.28 Events after the Reporting Period. Where reconfigurations of this nature take place within the public sector, Government accounting requires that the activities concerned are to be considered as continuing operations, and so the closing entity prepares accounts on a 'going concern' basis.

The SOFP has therefore been drawn up at 31 March 2013 on the same basis as in previous years, reporting balances on the same basis as would a continuing entity. In particular, there has been no general revaluation of assets or liabilites, and no disclosures have been made under IFRS 5 Non-Current Assets Held for Sale and Discontinued Operation. The routine 'desk-top' revaluation of non-current assets has taken place as usual, and the resulting impairments are reporting in Note 14.

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
There are no critical judgements to disclose as the elements set out in IAS 1.122 do not apply to the PCT.

Key sources of estimation uncertainty
The areas where the PCT has material levels of estimates include Property, Plant and Equipment (PPE), accruals and provisions. The level of uncertainty around PPE values and estimated lives is relatively low, as expert advice has been sought from the District Valuer to obtain these figures. There is a higher level of uncertainty in the area of accruals, particularly in the area of non-contracted healthcare activity. There is also a higher level of uncertainty in provisions, particularly in the area of continuing care provisions where patients' eligibility for NHS funded long term care is under review and possible repayments are due. However, none of the estimates is believed to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

1. Accounting policies (continued)

1.2 Revenue and Funding

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

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

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

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

1.3 Pooled budgets

The PCT has entered into a pooled budget with Warwickshire County Council. Under the arrangement funds are pooled under S75 of the NHS Act 2006 for Drug Action Teams (DAT) and Integrated Community Equipment Stores (ICES). A memorandum note to the accounts provides details of the joint income and expenditure.

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

1.4 Taxation

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

1.5 Administration and Programme Costs

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

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

1. Accounting policies (continued)

1.6 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)

1.7 Intangible Assets

Recognition

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

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

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

Measurement

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

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

1.8 Depreciation, amortisation and impairments

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

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

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

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

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

1. Accounting policies (continued)

1.9 Donated assets

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

1.10 Government grants

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

1.11 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.

1.12 Inventories

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

1.13 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.

1.14 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).

1.15 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)

1.16 Employee benefits

Short-term employee benefits

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

Retirement benefit costs

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

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

Four employees are members of the Local Government Superannuation Scheme, which is a defined benefit pension scheme. The impact on the PCT accounts is trivial.

1.17 Research and Development

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

1.18 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.

1.19 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.

1.20 EU Emissions Trading Scheme

EU Emission Trading Scheme allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the NHS body makes emissions, a provision is recognised with an offsetting transfer from deferred income. The provision is settled on surrender of the allowances. The asset, provision and deferred income are valued at fair value at the end of the reporting period.

1. Accounting policies (continued)

1.21 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.

1.22 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.

1.23 Foreign exchange

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

1.24 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 rates (2.35% in respect of early staff departures) in real terms.

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

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

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

1. Accounting policies (continued)

1.25 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.

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

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

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

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

1. Accounting policies (continued)

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

Financial liabilities are initially recognised at fair value.

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

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

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

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

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

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

1.27 Transfer of Community Services (TCS)
Under the TCS initiative, the PCT transferred it's community services to South Warwickshire NHS Foundation Trust (SWFT) - activity c. £54.2m and to George Eliot Hospital NHS Trust (GEH) - activity c. £3.5m, with effect from 1 April 2011. The fixed assets used in the delivery of those services are currently rented to SWFT and GEH under licence set out in the Business Transfer Agreement governing the transfer of community services.
The land and buildings at Royal Leamington Spa Rehabilitation Hospital and Ellen Badger Hospital (currently NBV approximately £12m) will transfer to the ownership of SWFT on 1 April 2013. SWFT delivers the services associated with these assets under a three year contract, and as such does not transfer the risks and rewards of holding these assets to the Trust. For this reason, the PCT has made the judgement that it will continue to account for these assets on the balance sheet.

1.28 Events after the Reporting period

Under the provisions of *The Health and Social Care Act 2012 (Commencement No.4. Transitional, Savings and Transitory Provisions) Order 2013, Warwickshire* PCT was dissolved on 1st April 2013. The PCT's functions, assets and liabilities transferred to other public sector entities as outlined in Note 41 *Events after the Reporting Period*. Where reconfigurations of this nature take place within the public sector, Government accounting requires that the activities concerned are to be considered as continuing operations, and so the closing entity prepares accounts on a "going concern" basis.
The SOFP has therefore been drawn up at 31 March 2013 on the same basis as in previous years, reporting balances on the same basis as would a continuing entity. Revaluations and impairments have been recognised in the period as detailed in Note 12.3 and Note 14. These transactions are considered routine within the annual cycle of activity.

2. Operating segments

In previous years, the PCT has identified two operating segments within the organisation, the commissioning arm and the provider arm. Under the TCS initiative, provider arm services were transferred to other providers on 1 April 2011, and therefore the PCT now operates as one segment.

3. Financial Performance Targets

3.1 Revenue Resource Limit

	2012-13 £000	2011-12 £000
The PCTs' performance for the year ended 2012-13 is as follows:		
Total Net Operating Cost for the Financial Year		842,836
Net operating cost plus (gain)/loss on transfers by absorption	**867,478**	
Adjusted for prior period adjustments in respect of errors	**0**	0
Revenue Resource Limit	**867,690**	843,013
Under/(Over)spend Against Revenue Resource Limit (RRL)	212	177

3.2 Capital Resource Limit

	2012-13 £000	2011-12 £000
The PCT is required to keep within its Capital Resource Limit.		
Capital Resource Limit	**6,000**	2,290
Charge to Capital Resource Limit	**5,227**	1,572
(Over)/Underspend Against CRL	**773**	**718**

3.3 Under/(Over)spend against cash limit

	2012-13 £000	2011-12 £000
Total Charge to Cash Limit	**871,452**	844,585
Cash Limit	**871,452**	844,585
Under/(Over)spend Against Cash Limit	**0**	**0**

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

	2012-13 £000
Total cash received from DH (Gross)	763,735
Less: Trade Income from DH	(48)
Less/(Plus): movement in DH working balances	0
Sub total: net advances	**763,687**
Plus: cost of Dentistry Schemes (central charge to cash limits)	22,161
Plus: drugs reimbursement (central charge to cash limits)	85,604
Parliamentary funding credited to General Fund	**871,452**

4. Miscellaneous Revenue

	2012-13 Total	2012-13 Admin	2012-13 Programme	2011-12
	£000	£000	£000	£000
Dental Charge income from Contractor-Led GDS & PDS	**7,974**		7,974	7,864
Dental Charge income from Trust-Led GDS & PDS	**0**		0	16
Prescription Charge income	**4,806**		4,806	4,550
Strategic Health Authorities	**594**	6	588	598
NHS Trusts	**1,188**	1	1,187	1,397
NHS Foundation Trusts	**3,016**	0	3,016	2,791
Primary Care Trusts - Other	**2,105**	178	1,927	969
English RAB Special Health Authorities	**58**	0	58	64
Department of Health - Other	**25**	0	25	112
Local Authorities	**417**	25	392	227
Education, Training and Research	**4,086**	0	4,086	3,743
Rental revenue from operating leases	**401**	398	3	627
Other revenue	**2,122**	934	1,188	2,370
Total miscellaneous revenue	**26,792**	**1,542**	**25,250**	**25,328**

5. Operating Costs

5.1 Analysis of operating costs:

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 Total £000
Goods and Services from Other PCTs				
Healthcare	**71,072**		71,072	70,951
Non-Healthcare	**620**	620	0	916
Total	**71,692**	**620**	**71,072**	**71,867**
Goods and Services from Other NHS Bodies other than FTs				
Goods and services from NHS Trusts	**291,751**	166	291,585	277,856
Goods and services (other, excl Trusts, FT and PCT))	**16**	0	16	9
Total	**291,767**	**166**	**291,601**	**277,865**
Goods and Services from Foundation Trusts	**207,549**	1,618	205,931	197,230
Purchase of Healthcare from Non-NHS bodies	**76,411**		76,411	80,238
Expenditure on Drugs Action Teams	**4,428**		4,428	3,385
Contractor Led GDS & PDS (excluding employee benefits)	**32,446**		32,446	31,782
Chair, Non-executive Directors & PEC remuneration	**94**	0	94	91
Executive committee members costs	**26**	0	26	82
Consultancy Services	**803**	390	413	893
Prescribing Costs	**82,360**		82,360	85,538
G/PMS, APMS and PCTMS (excluding employee benefits)	**75,063**	0	75,063	70,348
New Pharmacy Contract	**20,429**		20,429	19,704
General Ophthalmic Services	**4,600**		4,600	4,546
Supplies and Services - Clinical	**306**	14	292	833
Supplies and Services - General	**45**	31	14	23
Establishment	**1,034**	599	435	709
Transport	**5**	2	3	10
Premises	**1,942**	1,655	287	2,182
Impairments & Reversals of Property, plant and equipment	**810**	0	810	(171)
Depreciation	**1,441**	573	868	1,462
Amortisation	**153**	153	0	130
Impairment of Receivables	**(466)**	(466)	0	277
Research and Development Expenditure	**245**	0	245	347
Audit Fees	**167**	167	0	255
Clinical Negligence Costs	**77**	11	66	33
Education and Training	**599**	228	371	396
Grants for capital purposes	**3,584**	0	3,584	2,915
Grants for revenue purposes	**0**	0	0	0
Other	**1,455**	749	706	1,165
Total Operating costs charged to Statement of Comprehensive Net Expenditure	**879,065**	**6,510**	**872,555**	**854,135**
Employee Benefits (excluding capitalised costs)				
PCT Officer Board Members	**995**	995	0	845
Other Employee Benefits	**13,737**	9,105	4,632	12,997
Total Employee Benefits charged to SOCNE	**14,732**	**10,100**	**4,632**	**13,842**
Total Operating Costs	**893,797**	**16,610**	**877,187**	**867,977**
Analysis of grants reported in total operating costs				
For capital purposes				
Grants to fund Capital Projects - GMS	**40**	0	40	115
Grants to Local Authorities to Fund Capital Projects	**3,438**	0	3,438	2,800
Grants to Fund Capital Projects - Dental	**106**	0	106	0
Total Capital Grants	**3,584**	**0**	**3,584**	**2,915**
Grants to fund revenue expenditure				
To Local Authorities	**0**	0	0	0
Total Revenue Grants	**0**	**0**	**0**	**0**
Total Grants	**3,584**	**0**	**3,584**	**2,915**

	Total	Commissioning Services	Public Health
PCT Running Costs 2012-13			
Running costs (£000s)	**15,243**	14,685	558
Weighted population (number in units)*	**495,034**	495,034	495,034
Running costs per head of population (£ per head)	**31**	**30**	**1**
PCT Running Costs 2011-12			
Running costs (£000s)	**16,986**	16,405	581
Weighted population (number in units)	**495,034**	495,034	495,034
Running costs per head of population (£ per head)	**34**	**33**	**1**

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

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

5.2 Analysis of operating expenditure by expenditure classification	2012-13 £000	2011-12 £000
Purchase of Primary Health Care		
GMS / PMS/ APMS / PCTMS	75,063	70,348
Prescribing costs	82,360	85,538
Contractor led GDS & PDS	32,446	31,782
General Ophthalmic Services	4,600	4,546
New Pharmacy Contract	20,429	19,704
Total Primary Healthcare purchased	**214,898**	211,918
Purchase of Secondary Healthcare		
Learning Difficulties	19,000	19,308
Mental Illness	92,452	92,260
Maternity	22,674	21,545
General and Acute	382,399	363,914
Accident and emergency	31,850	30,016
Community Health Services	58,625	60,570
Other Contractual	37,932	36,905
Total Secondary Healthcare Purchased	**644,932**	624,518
Grant Funding		
Grants for capital purposes	3,584	2,915
Grants for revenue purposes	0	0
Total Healthcare Purchased by PCT	**863,414**	**839,351**
Healthcare from NHS FTs included above	200,938	196,114

6. Operating Leases

6.1 PCT as lessee

	Land £000	Buildings £000	Other £000	2012-13 Total £000	2011-12 £000
Payments recognised as an expense					
Minimum lease payments				**5,033**	5,115
Contingent rents				**0**	0
Sub-lease payments				**0**	0
Total				**5,033**	**5,115**
Payable:					
No later than one year	**0**	**468**	**37**	**505**	740
Between one and five years	**0**	**1,125**	**24**	**1,149**	1,670
After five years	**0**	**5,908**	**0**	**5,908**	5,502
Total	**0**	**7,501**	**61**	**7,562**	**7,912**
Total future sublease payments expected to be received				0	0

The PCT holds operating lease under the following headings - rent - £788,000 (2011-12 - £706,000), equipment lease - £21,000 (2011-12 - £27,000) car lease - £40,000 (2011-12 - £42,000) and GP premises - £4,183,000 (2011-12 - £4,339,000)

With regards to GP premises, under IAS17, SIC27 and IFRIC4, the PCT has determined that the leases must be recognised, but as there are no defined terms in the arrangements entered into, it is not possible to analyse the arrangement over the financial years.

6.2 PCT as lessor

	2012-13 £000	2011-12 £000
Recognised as income		
Rental Revenue	**401**	627
Contingent rents	**0**	0
Total	**401**	627
Receivable:		
No later than one year	**398**	627
Between one and five years	**0**	0
After five years	**0**	0
Total	**398**	627

As a result of the transfer of community services on 1 April 2011, the majority of the PCT's leasehold properties are now used for services provided by South Warwickshire Foundation Trust.

7. Employee benefits and staff numbers

7.1 Employee benefits

2012-13								
				Permanently employed			Other	
	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
Employee Benefits - Gross Expenditure									
Salaries and wages	**11,939**	8,473	3,466	**10,039**	6,573	3,466	**1,900**	1,900	0
Social security costs	**852**	558	294	**852**	558	294	**0**	0	0
Employer Contributions to NHS BSA - Pensions Division	**1,213**	794	419	**1,213**	794	419	**0**	0	0
Other pension costs	**156**	156	0	**156**	156	0	**0**	0	0
Other post-employment benefits	**0**	0	0	**0**	0	0	**0**	0	0
Other employment benefits	**0**	0	0	**0**	0	0	**0**	0	0
Termination benefits	**572**	0	572	**572**	0	572	**0**	0	0
Total employee benefits	**14,732**	**9,981**	**4,751**	**12,832**	**8,081**	**4,751**	**1,900**	**1,900**	**0**
Less recoveries in respect of employee benefits (table below)	**0**	0	0	**0**	**0**	**0**	**0**	**0**	**0**
Total - Net Employee Benefits including capitalised costs	**14,732**	**9,981**	**4,751**	**12,832**	**8,081**	**4,751**	**1,900**	**1,900**	**0**
Employee costs capitalised	**0**	0	0	**0**	0	0	**0**	0	0
Gross Employee Benefits excluding capitalised costs	**14,732**	**9,981**	**4,751**	**12,832**	**8,081**	**4,751**	**1,900**	**1,900**	**0**
Recognised as:									
Commissioning employee benefits	**14,732**			**12,832**			**1,900**		
Provider employee benefits	**0**			**0**			**0**		
Gross Employee Benefits excluding capitalised costs	**14,732**			**12,832**			**1,900**		

Employee Benefits - Prior- year

	Total £000	Permanently employed £000	Other £000
Employee Benefits Gross Expenditure 2011-12			
Salaries and wages	**10,985**	9,835	1,150
Social security costs	**909**	909	0
Employer Contributions to NHS BSA - Pensions Division	**1,263**	1,263	0
Other pension costs	**78**	78	0
Other post-employment benefits	**0**	0	0
Other employment benefits	**0**	0	0
Termination benefits	**607**	607	0
Total gross employee benefits	**13,842**	**12,692**	**1,150**
Less recoveries in respect of employee benefits	**0**	0	0
Total - Net Employee Benefits including capitalised costs	**13,842**	**12,692**	**1,150**
Employee costs capitalised	**0**	0	0
Gross Employee Benefits excluding capitalised costs	**13,842**	**12,692**	**1,150**
Recognised as:			
Commissioning employee benefits	**13,842**		
Provider employee benefits	**0**		
Gross Employee Benefits excluding capitalised costs	**13,842**		

7.2 Staff Numbers

	2012-13			2011-12		
	Total Number	Permanently employed Number	Other Number	Total Number	Permanently employed Number	Other Number
Average Staff Numbers						
Medical and dental	**7**	7	0	**4**	4	0
Ambulance staff	**0**	0	0	**0**	0	0
Administration and estates	**173**	151	22	**156**	129	27
Healthcare assistants and other support staff	**0**	0	0	**4**	3	1
Nursing, midwifery and health visiting staff	**18**	18	0	**14**	14	0
Nursing, midwifery and health visiting learners	**0**	0	0	**1**	0	1
Scientific, therapeutic and technical staff	**12**	12	0	**9**	9	0
Social Care Staff	**0**	0	0	**0**	0	0
Other	**0**	0	0	**0**	0	0
TOTAL	**210**	**188**	**22**	**188**	**159**	**29**
Of the above - staff engaged on capital projects	**0**	0	0	**0**	0	0

7.3 Ill health retirements

There were no early retirements on the grounds of ill-health (11-12 - nil).

7.4 Exit Packages agreed during 2012-13

	2012-13			2011-12		
Exit package cost band (including any special payment element)	***Number of compulsory redundancies**	***Number of other departures agreed**	**Total number of exit packages by cost band**	***Number of compulsory redundancies**	***Number of other departures agreed**	**Total number of exit packages by cost band**
	Number	**Number**	**Number**	**Number**	**Number**	**Number**
Lees than £10,000	**3**	**0**	**3**	4	0	**4**
£10,001-£25,000	**0**	**0**	**0**	2	0	**2**
£25,001-£50,000	**2**	**0**	**2**	2	1	**3**
£50,001-£100,000	**8**	**0**	**8**	0	0	**0**
£100,001 - £150,000	**0**	**0**	**0**	1	0	**1**
£150,001 - £200,000	**0**	**0**	**0**	0	0	**0**
>£200,000	**0**	**0**	**0**	0	0	**0**
Total number of exit packages by type	**13**	**0**	**13**	**9**	**1**	**10**
	£s	**£s**	**£s**	**£s**	**£s**	**£s**
Total resource cost	658,846	0	**658,846**	257,000	29,000	**286,000**

This note provides an analysis of Exit Packages agreed during the year. 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.

7.5 Pension costs

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

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

a) Accounting valuation

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

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

b) Full actuarial (funding) valuation

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

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

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

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

c) Scheme provisions

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

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

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

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

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

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

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

8. Better Payment Practice Code

8.1 Measure of compliance

	2012-13 Number	2012-13 £000	2011-12 Number	2011-12 £000
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**32,651**	**113,517**	33,436	111,870
Total Non-NHS Trade Invoices Paid Within Target	**31,012**	**108,330**	30,623	99,777
Percentage of NHS Trade Invoices Paid Within Target	94.98%	95.43%	91.59%	89.19%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**5,483**	**585,237**	4,886	582,334
Total NHS Trade Invoices Paid Within Target	**5,036**	**583,073**	4,315	576,994
Percentage of NHS Trade Invoices Paid Within Target	91.85%	99.63%	88.31%	99.08%

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

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

There were no payments made under the Late Payment of Commercial Debts (Interest) Act 1998 during 2012-13 (2011-12 - nil).

9. Investment Income

The PCT has no investment income (2011-12 - nil).

10. Other Gains and Losses

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Gain/(Loss) on disposal of assets other than by sale (PPE)	**(464)**	**(214)**	**(250)**	(129)
Gain (Loss) on disposal of assets held for sale	**39**	**39**	**0**	0
Total	**(425)**	**(175)**	**(250)**	(129)

11. Finance Costs

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Provisions - unwinding of discount	**48**	**0**	**48**	58
Total	**48**	**0**	**48**	**58**

12.1 Property, plant and equipment

2012-13	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:									
At 1 April 2012	**13,260**	**18,872**	**0**	**1,093**	**2,928**	**1,251**	**6,719**	**1,371**	**45,494**
Additions of Assets Under Construction				4,094					**4,094**
Additions Purchased	0	1,598	0		325	0	476	111	**2,510**
Additions Donated	0	0	0	0	0	0	0	0	**0**
Additions Government Granted	0	0	0	0	0	0	0	0	**0**
Additions Leased	0	0	0		0	0	0	0	**0**
Reclassifications	0	917	0	(958)	80	0	(48)	9	**0**
Reclassifications as Held for Sale	(590)	(164)	0	0	0	0	0	0	**(754)**
Disposals other than for sale	0	(223)	0	(135)	(26)	0	(737)	0	**(1,121)**
Upward revaluation/positive indexation	0	(1,510)	0	0	0	0	0	0	**(1,510)**
Impairments/negative indexation	(280)	(587)	0	0	0	0	0	0	**(867)**
Reversal of Impairments	0	(4)	0	0	0	0	0	0	**(4)**
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	**0**
At 31 March 2013	**12,390**	**18,899**	**0**	**4,094**	**3,307**	**1,251**	**6,410**	**1,491**	**47,842**
Depreciation									
At 1 April 2012	**0**	**0**	**0**	**0**	**1,995**	**1,249**	**5,525**	**1,212**	**9,981**
Reclassifications	0	0	0		21	0	(21)	0	**0**
Reclassifications as Held for Sale	0	0	0		0	0	0	0	**0**
Disposals other than for sale	0	0	0		(18)	0	(566)	0	**(584)**
Upward revaluation/positive indexation	0	(1,580)	0		0	0	0	0	**(1,580)**
Impairments	0	814	0	0	0	0	0	0	**814**
Reversal of Impairments	0	(4)	0	0	0	0	0	0	**(4)**
Charged During the Year	0	770	0		159	1	475	36	**1,441**
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	**0**
At 31 March 2013	**0**	**0**	**0**	**0**	**2,157**	**1,250**	**5,413**	**1,248**	**10,068**
Net Book Value at 31 March 2013	**12,390**	**18,899**	**0**	**4,094**	**1,150**	**1**	**997**	**243**	**37,774**
Purchased	12,390	17,712	0	4,094	1,150	1	997	243	**36,587**
Donated	0	522	0	0	0	0	0	0	**522**
Government Granted	0	665	0	0	0	0	0	0	**665**
Total at 31 March 2013	**12,390**	**18,899**	**0**	**4,094**	**1,150**	**1**	**997**	**243**	**37,774**
Asset financing:									
Owned	12,390	18,899	0	4,094	1,150	1	997	243	**37,774**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SOFP PFI contracts	0	0	0	0	0	0	0	0	**0**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
Total at 31 March 2013	**12,390**	**18,899**	**0**	**4,094**	**1,150**	**1**	**997**	**243**	**37,774**

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2012	**2,998**	**4,538**	**0**	**0**	**177**	**0**	**0**	**78**	**7,791**
Movements (specify)	(821)	(833)	0	0	(2)	0	0	(2)	**(1,658)**
At 31 March 2013	**2,177**	**3,705**	**0**	**0**	**175**	**0**	**0**	**76**	**6,133**

Additions to Assets Under Construction in 2012-13

	£000
Buildings excl Dwellings	4,094
Balance as at YTD	**4,094**

12.2 Property, plant and equipment

2011-12	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	**£000**
Cost or valuation:									
At 1 April 2011	**14,385**	**18,155**	**0**	**0**	**2,795**	**1,251**	**6,849**	**1,364**	**44,799**
Additions - purchased	0	747	0	1,093	215	0	455	7	**2,517**
Additions - donated	0	0	0	0	0	0	0	0	**0**
Additions - government granted	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals other than by sale	(710)	(95)	0	0	(82)	0	(585)	0	**(1,472)**
Revaluation & indexation gains	1,485	765	0	0	0	0	0	0	**2,250**
Impairments	(1,900)	(134)	0	0	0	0	0	0	**(2,034)**
Reversals of impairments	53	(49)	0	0	0	0	0	0	**4**
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	**0**
Cumulative dep netted off cost following revaluatio	(53)	(517)	0	0	0	0	0	0	**(570)**
At 31 March 2012	**13,260**	**18,872**	**0**	**1,093**	**2,928**	**1,251**	**6,719**	**1,371**	**45,494**
Depreciation									
At 1 April 2011	**0**	**0**	**0**		**1,915**	**1,248**	**5,319**	**1,155**	**9,637**
Reclassifications		0	0		0	0	0	0	**0**
Reclassifications as Held for Sale	0	0	0		0	0	0	0	**0**
Disposals other than for sale	0	0	0		(47)	0	(330)	0	**(377)**
Upward revaluation/positive indexation	0	0	0		0	0	0	0	**0**
Impairments	53	817	0	0	0	0	0	15	**885**
Reversal of Impairments	0	(1,056)	0	0	0	0	0	0	**(1,056)**
Charged During the Year	0	756	0		127	1	536	42	**1,462**
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	**0**
Cumulative dep netted off cost following revaluatio	(53)	(517)	0	0	0	0	0	0	**(570)**
At 31 March 2012	**0**	**0**	**0**	**0**	**1,995**	**1,249**	**5,525**	**1,212**	**9,981**
Net Book Value at 31 March 2012	**13,260**	**18,872**	**0**	**1,093**	**933**	**2**	**1,194**	**159**	**35,513**
Purchased	13,260	17,642	0	1,093	933	2	1,194	159	**34,283**
Donated	0	542	0	0	0	0	0	0	**542**
Government Granted	0	688	0	0	0	0	0	0	**688**
At 31 March 2012	**13,260**	**18,872**	**0**	**1,093**	**933**	**2**	**1,194**	**159**	**35,513**
Asset financing:									
Owned	13,260	18,872	0	1,093	933	2	1,194	159	**35,513**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SOFP PFI contracts	0	0	0	0	0	0	0	0	**0**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**13,260**	**18,872**	**0**	**1,093**	**933**	**2**	**1,194**	**159**	**35,513**

12.3 Property, plant and equipment

A full revaluation of the PCT's asset base took place on 31 March 2013. The valuation was carried out by the Valuation Office and in accordance with the Royal Institute of Chartered Surveyors (RICS) Appriasal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Department of Health and HM Treasury.

In line with HM Treasury guidance, the revaluation on 31 March 2013 was based on 'modern equivalent assets'. This basis of valuation was used in previous years. The value of land for existing use purpose is assessed to Existing Use Value.

This resulted in the majority of buildings decreasing in value, the most notable being the Royal Leamington Spa Hospital, which resulted in an overall decrease in building values of £495,767, and Bedworth Health Centre which saw an overall decrease in building values of £215,033.

The revaluations saw no change to the majority of land values with the following exceptions, based on the latest planning permission received and planning proposals for the sites:

Bramcote non operational land saw a decrease of £120,000 and is currently held at an open market value of £900,000.

Alcester non-operational land, which saw an overall decrease in value of £160,000 and is currently held at an open market value of £840,000.

Hatton Hill land saw an increase of £50,000 and is currently held for sale at the current market value of £100,000.

Franklin Road also saw an increase of £195,000 and was sold for for £720,000 in March 2013.

No properties currently held at existing use value have an open market value which is materially different to their existing use value.

All of the building assets were relifed to the District Valuer's equitable lives on 31st March 2013.

Asset lives for each class of asset are as follows:

	Min Life in Years	Max Life in Years
Buildings	15	80
Plant & Machinery	5	15
Transport Equipment	7	7
Information Technology	5	5
Furniture & Fittings	8	8

Open Market Value of Assets at balance sheet date	Land	Buildings excl. dwellings	Dwellings	Total
	£000s	£000s	£000s	£000s
Open Market Value at 31 March 2013	1,790	0	0	1,790
Open Market Value at 31 March 2012	2,550	0	0	2,550

13.1 Intangible non-current assets

2012-13	Software purchased £000	Licences & trademarks £000	Total £000
At 1 April 2012	**887**	**106**	**993**
Additions - purchased	23	42	**65**
Reclassifications	(27)	27	**0**
At 31 March 2013	**883**	**175**	**1,058**
Amortisation			
At 1 April 2012	**613**	**5**	**618**
Charged during the year	124	29	**153**
At 31 March 2013	**737**	**34**	**771**
Net Book Value at 31 March 2013	**146**	**141**	**287**
Net Book Value at 31 March 2013 comprises			
Purchased	146	141	**287**
Total at 31 March 2013	**146**	**141**	**287**

2011-12	Software purchased £000	Licences & trademarks £000	Total £000
At 1 April 2011	**843**	**0**	**843**
Additions - purchased	44	106	**150**
At 31 March 2012	**887**	**106**	**993**
Amortisation			
At 1 April 2011	**488**	**0**	**488**
Charged during the year	125	5	**130**
At 31 March 2012	**613**	**5**	**618**
Net Book Value at 31 March 2012	**274**	**101**	**375**
Net Book Value at 31 March 2012 comprises			
Purchased	274	101	**375**
Total at 31 March 2012	**274**	**101**	**375**

13.2 Intangible non-current assets

There is no revaluation reserve held by Warwickshire PCT for intangible assets. The PCT's intangible assets are made up entirely of IT software and licences with a life of 5 years, which are not subject to any indexation or revaluations.

Economic Lives of Intangible Non-Current Assets

	Min Life Years	Max Life Years
Software Licences	5	5
Licences and Trademarks	5	5

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

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000
Property, Plant and Equipment impairments and reversals taken to SoCNE			
Changes in market price	810		810
Total charged to Annually Managed Expenditure	**810**		**810**
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve			
Changes in market price	871		
Total impairments for PPE charged to reserves	**871**		
Total Impairments of Property, Plant and Equipment	**1,681**	**0**	**810**
Total Impairments charged to Revaluation Reserve	871		
Total Impairments charged to SoCNE - DEL	0	0	0
Total Impairments charged to SoCNE - AME	810		810
Overall Total Impairments	**1,681**	**0**	**810**
Of which:			
Impairment on revaluation to "modern equivalent asset" basis	**810**	0	810

On 31st March 2013 an MEA revaluation was performed by the District Valuer on all building and land assets.

The revaluation resulted in negative reserve balances, totalling £814,334 for buildings, which were transferred to the SoCNE.

The revaluation also resulted in increases in value of the donated buildings on the Royal Leamington Spa Rehabiliation Hospital and the St Nicolas Annexe site and the related negative reserves, which were previously taken to SoCNE after the 11/12 impairments review, were recredited to the SoCNE.

15. Investment property

The PCT holds no investment property (2011-12 Nil).

16. Commitments

16.1 Capital commitments
There are no contracted capital commitments at 31 March not otherwise included in these financial statements (11-12 - £53k).

16.2 Other financial commitments
The PCT has not entered into non-cancellable contracts which are not leases or PFI contracts or other service concession arrangements.

17 Intra-Government and other balances

	Current receivables £000s	Non-current receivables £000s	Current payables £000s	Non-current payables £000s
Balances with other Central Government Bodies	1,324	0	1,241	0
Balances with Local Authorities	210	0	661	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	4,907	0	3,888	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	2,325	0	35,106	150
At 31 March 2013	**8,766**	**0**	**40,896**	**150**
prior period:				
Balances with other Central Government Bodies	533	0	851	0
Balances with Local Authorities	684	0	1,075	0
Balances with NHS Trusts and Foundation Trusts	5,944	0	6,803	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	2,053	0	39,057	151
At 31 March 2012	**9,214**	**0**	**47,786**	**151**

18. Inventories

The PCT holds no inventories (11-12 - nil).

19.1 Trade and other receivables

	Current	
	31 March 2013 £000	31 March 2012 £000
NHS receivables - revenue	**6,231**	6,477
Non-NHS receivables - revenue	**293**	795
Non-NHS receivables - capital	**772**	55
Non-NHS prepayments and accrued income	**58**	868
Provision for the impairment of receivables	**0**	(522)
VAT	**75**	131
Other receivables	**1,337**	1,410
Total	**8,766**	9,214
Total current and non current	**8,766**	9,214
Included above:		
Prepaid pensions contributions	**0**	0

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

All non-NHS debt outstanding at 31 March 2013 is less than 3 months old.

19.2 Receivables past their due date but not impaired

	31 March 2013 £000	31 March 2012 £000
By up to three months	**293**	265
By three to six months	**0**	0
By more than six months	**0**	0
Total	**293**	265

19.3 Provision for impairment of receivables

	2012-13 £000	**2011-12 £000**
Balance at 1 April 2012	**(522)**	(248)
Amount written off during the year	**56**	3
Amount recovered during the year	**180**	21
(Increase)/decrease in receivables impaired	**286**	(298)
Balance at 31 March 2013	**0**	(522)

20. NHS LIFT investments

The PCT has no lift investments (11-12 - nil).

21.1 Other financial assets - Current

The PCT has no other financial assets - current (11-12 - nil).

21.2 Other Financial Assets - Non Current

The PCT has no other financial assets - non current (11-12 - nil)

21.3 Other Financial Assets - Capital

The PCT has no other financial assets - capital (11-12 - nil).

22. Other current assets

The PCT has no other current assets (11-12 - nil).

23 Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Opening balance	**0**	0
Net change in year	**0**	0
Closing balance	**0**	0
Made up of		
Cash with Government Banking Service	**0**	649
Commercial banks	**0**	(649)
Cash in hand	**0**	0
Current investments	**0**	0
Cash and cash equivalents as in statement of financial position	**0**	0
Cash and cash equivalents as in statement of cash flows	**0**	0

24. Non-current assets held for sale

	Land	Buildings, excl. dwellings	Dwellings	Asset Under Construction and Payments on Account	Plant and Machinery	Transport and Equipment	Information Technology	Furniture and Fittings	Intangible Assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2012	0	0	0	0	0	0	0	0	0	**0**
Plus assets classified as held for sale in the year	590	164	0	0	0	0	0	0	0	**754**
Less assets sold in the year	(735)	(170)	0	0	0	0	0	0	0	**(905)**
Revaluation	245	6	0	0	0	0	0	0	0	**251**
Balance at 31 March 2013	**100**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**100**
Liabilities associated with assets held for sale at 31 March 2013	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
										0
Balance at 1 April 2011	0	0	0	0	0	0	0	0	0	**0**
Balance at 31 March 2012	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Liabilities associated with assets held for sale at 31 March 2012	0	0	0	0	0	0	0	0	0	**0**

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

At 31 March 2012	0
At 31 March 2013	97

The following assets transferred to Non-current assets held for sale in 2012-13:

Franklin Road Land - A non operational piece of land, surplus to requirements, which was sold at the end of March for a profit on disposal of £38,929.

Hatton Hill Land - A non operational piece of land, surplus to requirements, which was due to be sold before the end of the financial yeat 2012/13. Unfortunately although sucessful in finding a buyer before the end of March, the sale fell through and the asset is currently held for sale at its revalued amount of £100,000.

Ash Grove - A learning disabilities home which transferered to Warwickshire County Council at the end of March 2013. This was as a result of the services provided in the home transferring to the local authority. The asset was purchased at it's full revalued amount and therefore no loss or profit on disposal was taken to operating expenses.

25. Trade and other payables

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
NHS payables - revenue	**3,508**	3,186	**0**	0
NHS payables - capital	**76**	0	**0**	0
NHS accruals and deferred income	**1,307**	4,168	**0**	0
Family Health Services (FHS) payables	**25,271**	26,987		
Non-NHS payables - revenue	**3,712**	5,868	**0**	0
Non-NHS payables - capital	**205**	47	**0**	0
Non_NHS accruals and deferred income	**6,604**	6,855	**150**	151
Social security costs	**2**	119		
Tax	**31**	143		
Other	180	413	0	0
Total	**40,896**	47,786	**150**	151
Total payables (current and non-current)	**41,046**	**47,937**		

Other payables include £177k (2011-12: £157) in respect of outstanding pensions contributions at 31 March 2013

26. Other liabilities

The PCT has no other liabilities (11-12 - nil)

27. Borrowings

The PCT has no borrowings (11-12 - nil).

28. Other financial liabilities

The PCT has no other financial liabilities (11-12 - nil).

29. Deferred income

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Opening balance at1 April 2012	**535**	924	**151**	152
Deferred income addition	**0**	379	**0**	0
Transfer of deferred income	**(535)**	(768)	**(1)**	(1)
Current deferred Income at 31 March 2013	**0**	535	**150**	151
Total other liabilities (current and non-current)	**150**	**686**		

30. Finance lease obligations

The PCT has no finance lease obligations (11-12 - nil).

31. Finance lease receivables as lessor

The PCT has no finance lease receivables (11-12 - nil).

32. Provisions

	Total £000s	Pensions to Former Directors £000s	Pensions Relating to Other Staff £000s	Legal Claims £000s	Restructuring £000s	Continuing Care £000s	Equal Pay £000s	Agenda for Change £000s	Other £000s	Redundancy £000s
Balance at 1 April 2012	**5,030**	0	2,114	16	0	2,336	0	0	193	371
Arising During the Year	**6,654**	0	261	3	0	6,390	0	0	0	0
Utilised During the Year	**(696)**	0	(311)	(5)	0	(232)	0	0	0	(148)
Reversed Unused	**(714)**	0	(25)	(6)	0	(267)	0	0	(193)	(223)
Unwinding of Discount	**48**	0	48	0	0	0	0	0	0	0
Change in Discount Rate	**0**	0	0	0	0	0	0	0	0	0
Transferred (to)/from otherPublic Sector bodies	**0**	0	0	0	0	0	0	0	0	0
Balance at 31 March 2013	**10,322**	**0**	**2,087**	**8**	**0**	**8,227**	**0**	**0**	**0**	**0**
Expected Timing of Cash Flows:										
No Later than One Year	**8,546**	**0**	**311**	**8**	**0**	**8,227**	**0**	**0**	**0**	**0**
Later than One Year and not later than Five Years	**1,244**	**0**	**1,244**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Later than Five Years	**532**	**0**	**532**	**0**	**0**	**0**	**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	287
As at 31 March 2012	253

Provisions relating to legal claims are in respect of excess costs against claims with the NHSLA for public and employers liability cases.

Continuing care provisions are in respect of cases where patients' eligibility for NHS funded long term care has been reviewed and possible repayments identified. The large increase in the provision this year is due to a publicity campaign by the Government, giving a deadline of 30 September 2012 for all claims up to 31 March 2011 and a deadline of 31 March 13 for all claims up to 31 March 12. This has resulted in a large number of additional backdated claims. An assessment has been made of those additional claims received and calculations undertaken to determine the likely value of each individual claim and the PCT has included a provision based on 32% of those additional claims resulting in a settlement being due. The 32% is based on the quarterly CHC benchmarking data and measures the percentage of new referrals within the 28 day process who become eligible for CHC.

33. Contingencies

	31 March 2013 £000	31 March 2012 £000
Contingent liabilities		
Equal Pay	**0**	0
Other - Legal claims	**0**	(5)
Amounts Recoverable Against Contingent Liabilities	**0**	0
Net Value of Contingent Liabilities	**0**	(5)
Contingent Assets		
Contingent Assets	**0**	0
Net Value of Contingent Assets	**0**	0

34. PFI and LIFT - additional information

The PCT has no PFI or LIFT schemes (11-12 - nil)

35. Financial Instruments

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

Currency risk

The PCT is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The PCT has no overseas operations and 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.

35.1 Financial Assets	**Loans and receivables £000**	**Total £000**
Receivables - NHS	6,231	**6,231**
Receivables - non-NHS	1,065	**1,065**
Cash at bank and in hand	0	**0**
Other financial assets	1,412	**1,412**
Total at 31 March 2013	**8,708**	**8,708**
Embedded derivatives		0
Receivables - NHS	6,477	6,477
Receivables - non-NHS	850	850
Cash at bank and in hand	0	0
Other financial assets	1,019	1,019
Total at 31 March 2012	8,346	8,346

35.2 Financial Liabilities	**Other £000**	**Total £000**
NHS payables	3,584	**3,584**
Non-NHS payables	3,917	**3,917**
Other financial liabilities	25,484	**25,484**
Total at 31 March 2013	**32,985**	**32,985**
Embedded derivatives		0
NHS payables	3,186	3,186
Non-NHS payables	5,915	5,915
Other financial liabilities	27,662	27,662
Total at 31 March 2012	36,763	36,763

36. Related party transactions

Warwickshire Primary Care Trust is a body corporate established by order of the Secretary of State for Health.

The following related party transactions relate to members of the Arden Cluster Board and GP CCG Chairs, who influence or control of organisations that had significant transactions with Warwickshire PCT during 2012/13.

During the year, the following Board Members or members of the key management staff or parties related to them undertook the following transactions wih Warwickshire PCT.

	2012/13			2011/12	
	Payments to Related Party	Receipts from Related Party		Payments to Related Party	Receipts from Related Party
	£	£		£	£
Dr F Campbell CCG Board Member	825,164	0	Dr F Campbell CCG Board Member	778,314	0
Dr Canale-Parola CCG Board Member	1,310,862	0	Dr Canale-Parola CCG Board Member	1,260,990	0
Dr Gorringe CCG Board Member	1,661,055	0	Dr Gorringe CCG Board Member	1,606,568	7,407
Dr Spraggett CCG Board Member	1,379,224	0	Dr Spraggett CCG Board Member	1,272,648	0
Dr Ullah CCG Board Member	354,387	0	Dr Ullah CCG Board Member	333,401	0

In 2012-13 the significant transactions with parties related to CCG Board Members and are mainly concerned with payments to the GP Practice in which they are a partner. The Payments relate to services provided as GPs.

The Department of Health is regarded as a related party. During the year Warwickshire Primary Care Trust has had a significant number of transactions with the Department, and other entities for which the Department is regarded as the parent Department.

	2012/13			2011/12	
	Payments to Related Party	Receipts from Related Party		Payments to Related Party	Receipts from Related Party
	£	£		£	£
Department of Health:					
West Midlands Strategic Health Authority	0	4,454,382	West Midlands Strategic Health Authority	8,863	3,903,926
Birmingham East & North PCT	70,678,020	774,055	Birmingham East & North PCT	69,587,523	300,454
Coventry Teaching PCT	253,073	137,802	Coventry Teaching PCT	1,227,157	140,266
Birmingham Community Healthcare NHS Trust	572,937	137,062	Birmingham Community Healthcare NHS Trust	559,547	96,895
Coventry & Warwickshire Partnership NHS Trust	62,909,028	287,455	Coventry & Warwickshire Partnership NHS Trust	65,203,124	765,530
George Eliot Hospitals NHS Trust	87,033,396	153,653	George Eliot Hospitals NHS Trust	83,042,828	150,950
Nottingham University Hospitals NHS Trust	184,919	0	Nottingham University Hospitals NHS Trust	516,741	0
Sandwell & West Birmingham Hospitals NHS Trust	1,270,432	108,124	Sandwell & West Birmingham Hospitals NHS Trust	1,010,996	88,695
University Hospitals Coventry & Warwickshire NHS Trust	109,508,713	291,735	University Hospitals Coventry & Warwickshire NHS Trust	105,512,537	137,593
University Hospitals of Leicester NHS Trust	983,025	0	University Hospitals of Leicester NHS Trust	1,653,198	0
West Midlands Ambulance Service NHS Foundation Trust	17,893,374	0	West Midlands Ambulance Service NHS Trust	2,978,480	0
Worcester Acute NHS Trust	10,904,855	103,979	Worcester Acute NHS Trust	9,211,972	77,984
Birmingham Children's Hospital NHS Foundation Trust	2,422,308	0	Birmingham Children's Hospital NHS Foundation Trust	2,494,952	12,893
Burton Hospitals NHS Foundation Trust	1,073,317	0	Burton Hospitals NHS Foundation Trust	807,675	0
Heart of England NHS Foundation Trust	9,499,365	0	Heart of England NHS Foundation Trust	9,660,039	37,431
Royal Orthopaedic Hospital NHS Foundation Trust	1,282,074	0	Royal Orthopaedic Hospital NHS Foundation Trust	1,881,926	0
South Warwickshire NHS Foundation Trust	178,101,286	4,964,641	South Warwickshire NHS Foundation Trust	171,212,552	4,646,886
University Hospital Birmingham NHS Foundation Trust	5,662,100	0	University Hospital Birmingham NHS Foundation Trust	5,649,994	0
Oxford University Hospitals NHS Trust	5,940,938	0	Oxford University Hospitals NHS Trust	5,340,952	0
Worcester PCT	680,554	271,761	Worcester PCT	0	58,416

West Midlands Ambulance Service achieved Foundation Trust status on 01/01/13.

Ms J Smith is a Board Member of the Arden Cluster Board . Mrs J Smith's partner Mr S Bell was appointed as a Non-Executive Director of Coventry and Warwickshire Partnership NHST in July 2012. Transactions for Coventry and Warwickshire Partnership NHST Trust are listed above.

The Primary Care Trust has also had a significant number of material transactions with other Government Departments. These entities are listed below:

	2012/13			2011/12	
	Payments to Related Party	Receipts from Related Party		Payments to Related Party	Receipts from Related Party
Other Government Departments:			**Other Government Departments:**		
Coventry City Council	217,864	29379	Coventry City Council	76794	608
North Warwickshire Borough Council	10,000	0	North Warwickshire Borough Council	4660	0
Warwickshire County Council	19,727,954	11330	Warwickshire County Council	14307992	70000

Councillor C Hayfield is a Board Member of the Arden Cluster Board . Councillor C Hayfield is also an Elected Member and Leader of the North Warwickshire Borough Council and an Elected Meber and Portfolio holder for Warwickshire County Council.

Councillor D Chater is a Board Member of the Arden Cluster Board and also an Elected Member of Coventry City Council

Councillor A Gingell is the Chair Person of the Arden Cluster Board and also an Elected Member of Coventry City Council.

Janet Smith is a Board Member of the Arden Cluster Board and is also a Trustee of Shakespeare Hospice. The Primary Care Trust had the following transactions with the Shakespeare Hospice:

	2012/13			2011/12	
	Payments to Related Party	Receipts from Related Party		Payments to Related Party	Receipts from Related Party
Shakespeare Hospice	110,962	0		74,126	0

37. Losses and special payments

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

	Total Value of Cases £s	Total Number of Cases
Losses - PCT management costs	55,629	8
Special payments - PCT management costs	27,750	2
Losses in respect of the provision of family practitioner services	0	0
Special payments in respect of he provision of family practitioner services	0	0
Total losses	55,629	8
Total special payments	27,750	2
Total losses and special payments	83,379	10

Losses of £56,629 relate to the write-off of bad debts.

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

	Total Value of Cases £s	Total Number of Cases
Losses - PCT management costs	2,684	9
Special payments - PCT management costs	0	0
Losses in respect of the provision of family practitioner services	0	0
Special payments in respect of he provision of family practitioner services	0	0
Total losses	2,684	9
Total special payments	0	0
Total losses and special payments	2,684	9

There are no individual cases in excess of £250,000 (11-12 - nil).

38. Third party assets

The PCT holds no third party assets (11-12 - nil).

39. Pooled budget

Warwickshire PCT has a pooled budget arrangement under s75 of the Health Act 2006 with Warwickshire County Council (WCC) for Adult Pooled Treatment including Drug Action Teams (DAT). This is hosted by Warwickshire County Council.

Adult Pooled Treatment Memorandum To Account (DAT) - Revenue

	2012/13		2011/12	
INCOME	**£'000**	**£'000**	**£'000**	**£'000**
Warwickshire Primary Care Trust	4,429		3,385	
WCC Community Protection Directorate			0	
Home Office DIP	125		136	
WCC Communities Group	454		165	
SCCF	117		173	
Other	53			
		5,177		3,859
2010/11 Brought Forward		53		80
Total Pooled Treatment Income		**5,230**		**3,939**
EXPENDITURE				
Total Pooled Treatment Expenditure		**4,945**		**3,886**
Total underspend		**285**		**53**
(of which £52,813 is committed expenditure during 2012/13) See Note 1 Below				

Note 1: Committed Expenditure during 2010/11

Pooled Treatment Reserve	53
Substance misuse treatment services	285
Total Underspend	**285** **53**

Adult Pooled Treatment Memorandum Account (DAT) - Capital

	2012/13		2011/12	
INCOME	**£'000**	**£'000**	**£'000**	**£'000**
Warwickshire PCT	0		0	
	0		1	
2009/2010 Brought Forward	0		74	
Total Pooled Capital Grant		**0**		**75**
EXPENDITURE				
Total Pooled Treatment Expenditure		**0**		**75**
Total Capital Grant Rolled Forward into 2012/13		**0**		**0**

39. Pooled budget (Continued)

Warwickshire PCT has a pooled budget arrangement with Warwickshire County Council (WCC) for integrated Equipment Stores (ICES). This is hosted by Warwickshire County Council.

ICES Pooled Budget Memorandum Account

	2012/13		2011/12	
	£'000	£'000	£'000	£'000
INCOME				
Warwickshire County Council	1,500		1,705	
Warwickshire PCT	3,200		2,800	
Total Pooled Budget Income		**4,700**		**4,505**
EXPENDITURE				
Total Pooled Budget Expenditure		**4,028**		**3,985**
Total Surplus/(deficit)		**672**		**520**

40. Cashflows relating to exceptional items

There are no cashflows relating to exceptional items.

41 Events after the end of the reporting period

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

NHS England - Specialised Services, GP Services, General Dental Services, General Ophthalmic Services, Pharmaceutical Services, Secondary Dental Care and Public Health - NCB responsibilities - £184,079k

Clinical Commissioning Groups (North Warwickshire, South Warwickshire and Rugby (part of Coventry and Rugby CCG)) - Secondary and Community Care, Prescribing, Primary Care LES and Out of Hours and Running Costs - £633,834k

Local Authority (Warwickshire County Council) - Public Health - £20,279k

Public Health England - Surveillance and Control of Infectious Diseases and 15% of QUOF expenditure - £1,788k

NHS Property Services - Premises and associated costs £1,949k

The figures detailed above are as reported in the last baseline return that was submitted to the Department of Health on 24.07.12

Certain assets have transferred to NHS Property Services and to South Warwickshire Foundation Trust on 1 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.